SOLO OIL PLC

ANNUAL REPORT AND ACCOUNTS

FOR THE PERIOD ENDED 31 DECEMBER 2015

Company number 05542880

Solo Oil Plc ("Solo" or "the Company") is an England and Wales incorporated registered and domiciled company which is quoted on AIM. Its principal activities are to acquire a diverse portfolio of direct and indirect interests in exploration, development and production oil and gas assets which are based in the Americas, Europe or Africa.

Contents

Chairman's Statement incorporating the Strategic Report

I am pleased to present the report of the Company's activities during the year ended 31 December 2015.

During 2015 Solo continued to advance its investments in Tanzania and the UK where its investments in the Kiliwani North Development Licence, the Ruvuma PSA and Horse Hill Developments Limited ("HHDL") all made substantial progress. That progress has continued in 2016.

Of particular note was the signature of the gas sales agreement for the Kiliwani North Development Licence in January 2016 and the start of the commissioning of the Songo Songo gas processing plant with first gas from Kiliwani North-1 reported on 4 April 2016 which will ultimately lead to Solo's first revenue from its investments in Tanzania.

The planned testing at the Horse Hill-1 discovery in the Weald Basin onshore UK was undertaken in February and March 2016 with exceptionally high oil flow rates being achieved in both the Kimmeridge Limestone and the Portland Sandstone reservoirs. These confirm that a commercial discovery has been made and plans to develop the field will now proceed.

Against the backdrop of very volatile commodity markets Solo has continued to advance its portfolio and recently, raised its stake in the Kiliwani North project to 7.175% and has the option to raise its participation to up to 10% as the project milestones are achieved by the operator. The Company is also in receipt of a 30% interest in a newly awarded exploration licence, PEDL331, on the Isle of Wight in Southern England.

Investment Strategy

The Company has continued to pursue its original investing policy, as approved by the shareholders in 2009, which is to develop a diverse worldwide portfolio of exploration, development and production interests, with the primary focus being in Africa. At the time of writing Solo holds investments in Tanzania, Nigeria, the United Kingdom, Morocco and Canada.

Highlights for the period include:

Tanzania

- Solo signed a sale and purchase agreement to acquire a 6.5% interest in the Kiliwani North Development Licence ("KNDL") in Tanzania and agreed an option to acquire up to a 10% interest overall
- Kiliwani North-1 ("KN-1") well has been physically tied in to the Songo Songo gas processing plant which is linked to the national pipeline to Dar es Salaam
- Expected initial offtake from the KN-1 well has been increased by potentially 50% from 20 million cubic feet per day ("mmscfd") to up to 30 mmscfd (gross), significantly improving the project economics and anticipated revenues
- A new Competent Persons Report ("CPR") for Aminex plc on the gross resources in Solo's assets in Tanzania increased KNDL gross contingent resources to 28 billion cubic feet ("bcf")
- The CPR has attributed the Ntorya-1 discovery with gross contingent resources of 70 bcf and locations have been selected for two appraisal wells; Ntorya-2 and -3.
- Following the year-end a Gas Sales Agreement was executed with TPDC for a price of US$3.00 per mmBTU and subsequently first gas was achieved on 4 April 2016.

United Kingdom

- Horse Hill-1 ("HH-1") Portland Sandstone discovery, is now estimated to contain 21 million barrels of oil ("mmbbls") initially in place
- The discovery made in the Jurassic Kimmeridgian, Oxfordian and Liassic limestones and mudstones has been extensively studied and attributed with very significant resource potential in separate studies by both Nutech and Schlumberger
- Following the year-end the HH-1 well was tested. The Kimmeridge Limestones produced at natural flow rates of over 460 and 900 barrels of oil per day ("bopd") from naturally fractured intervals in the Lower and Upper Kimmeridge respectively
- Pumped production, constrained by pump size, of up to 320 bopd was obtained from the Portland Sandstone reservoir
- The Company was awarded a 30% working interest in PEDL 331 on the Isle of Wight and announced its intention, with operator UK Oil and Gas Investments ("UKOG"), to pursue the previously discovered Arreton-2 field as part of an initial work program.

Corporate

- During the year the Company raised a total of £2.7 million before financing costs through the allotment of 504 million shares in private placements at a weighted average price of 0.54p.

Chairman's Statement incorporating the Strategic Report (continued)

Tanzania, Ruvuma Basin

Solo holds a 25% interest in the Ruvuma Petroleum Sharing Agreement ("Ruvuma PSA") in the south-east of Tanzania covering an area of approximately 3,447 square kilometres of which approximately 90% lies onshore and the balance offshore. The Ruvuma PSA is in a region of southern Tanzania where very substantial gas discoveries have been made offshore in recent years and where gas has also been discovered onshore and along the coastal islands at Ntorya, Mnazi Bay and Songo Songo Island.

Solo's key asset in the Ruvuma PSA is the Ntorya gas-condensate discovery, made in 2012 and operated by Aminex plc ("Aminex"). The Ntorya-1 well reached a final total depth of 3,150 metres and a gas zone between 2,663 and 2,688 metres was tested in June 2012. Flow testing on a 3.5 metres zone at the top of the gross 25 metre gas bearing interval produced at a maximum flow rate of 20.1 million cubic feet per day ("mmscfd") and 139 barrels per day ("bpd") of 53 degree API condensate through a 1-inch choke. Following the completion of the test sequence the well was suspended as a discovery for subsequent additional testing or production.

An infill 2D seismic programme around Ntorya-1 totalling 181 kilometres was acquired in 2014. The bulk of the relevant legacy seismic data in the area was also reprocessed. This new and reprocessed seismic data quality was markedly improved and a comprehensive remapping exercise has been undertaken.

Interpretation of the new 2D seismic lead to a re-estimation of the discovered and prospective resources in the Likonde-Ntorya area and was subsequently audited by Senergy (GB) Limited ("LR Senergy") who issued a Competent Person's Report ("CPR") in May 2015. LR Senergy estimated that Ntorya contains a gross 158 bcf of proven gas in place, of which they attribute a gross 70 bcf as best estimate contingent resources. Overall in the Ruvuma PSA, LR Senergy estimate gross 4.17 trillion cubic feet ("tcf") of discovered and undiscovered gas in place. Contingent resources are expected to be converted to reserves once a commercial development and export scheme is approved.

The partners in the Ruvuma PSA are planning the drilling of at least one appraisal well in order to firm up these resource volumes and to commence gas sales negotiations. Two appraisal well locations have been selected and final rig selection and associated contract discussions have been finalised. It is anticipated that the first of these wells could be spudded before end 2016. The selected drilling rig is now located at the Ntorya-1 well site and is available for immediate use.

In order to fund the drilling of the appraisal wells Aminex and Solo have jointly agreed to look for a potential farm-inee. Aminex announced in November 2015 that they had reached outline agreement with Bowleven plc to farm-in to the Ruvuma PSA. Solo agreed to make a back to back arrangement with Aminex on the same terms, however, after further discussions it was not possible to finalise mutually acceptable terms between the parties and the agreement was not pursued. The Company remains open minded as to farmout arrangements, but will consider any offers on their merits.

The recently commissioned, Chinese financed, 36-inch gas national pipeline that runs through the Ruvuma PSA area from Mtwara to the Tanzanian capital, Dar es Salaam, was completed in early 2015 and is now in use transporting gas from Mnazi Bay to Dar es Salaam. Solo estimated that there is significant demand in the Dar es Salaam area and significant uncontracted ullage is available in the pipeline to receive likely gas production from the Ntorya discovery.

Tanzania, Kiliwani North

In October 2014 Solo announced that it had agreed with Aminex to acquire up to a 13% working interest in the Kiliwani North Development Licence ("KNDL") on Songo Songo Island. The Kiliwani North-1 ("KN-1") well was drilled by Aminex and its partners in 2008 and discovered gas in a 60 metre column in the Lower Cretaceous. Based on well test results Kiliwani North-1 is expected to be flowed at a rate of up to 30 mmscfd once on stream through a short tie-in pipeline to the Songo Songo Island gas processing facility, and from there to the newly constructed 36-inch pipeline to Dar es Salaam.

Solo acquired an initial 6.5% interest in the KNDL project for US$3.5 million in February 2015 and subsequently announced its intention to increase its stake to 10% through the acquisition of three additional tranches of project equity linked to project milestones at the Company's option. Solo's original stake of 6.5% was subsequently reduced by way TPDC's back-in to the project for a 5% interest which reduced Solo's holding to 6.175%. Back-in by the State Company is viewed as a positive move since it aligns the KNDL partnership with national objectives.

The condition precedent for further acquisition of project equity by Solo was the signature of a gas sales agreement ("GSA") which was achieved in January 2016. The subsequently agreed tranche milestones were the commencement of gas production which was achieved in April 2016, the receipt of first cash revenue and the declaration of commercial (post-commissioning) gas production under the take-or-pay arrangements of the GSA. The first of these milestones has been reached and Solo has increased its direct participation to 7.175%.

Chairman's Statement incorporating the Strategic Report (continued)

The GSA signed with TPDC for KN-1 gas contains payment guarantees in US Dollars ("US$") and is linked to a price escalation formula commencing at US$3.00 per million BTU ("mmBTU") and rising from January 2016. The main contract phase is a depletion contract with take-or-pay provisions for 85% of the daily minimum quantity of gas to be supplied, initially set at 20 mmscfd. Payment for gas during the commissioning phase is based on the agreed tariff on an "as supplied" basis and no minimum quantity is guaranteed under the contract. Commissioning of the Songo Songo Island gas processing plant commenced in early April 2016 and is expected to be completed in the early third quarter 2016.

Independently verified gross gas in place was confirmed by LR Senergy in a CPR in May 2015. LR Senergy computed gross mean gas in place of 44 bcf of which 28 bcf have been attributed as best estimate contingent resources. These contingent resources will be converted to reserves once the GSA comes into full force on commercial gas production, which anticipated to be in the third quarter of 2016.

UK, Weald Basin

In 2014 the Company acquired a 10% interest in a special purpose company, Horse Hill Developments Limited ("HHDL"), which held the option to become operator and 65% interest holder in two Petroleum Exploration and Development Licences, PEDL 137 and 246, in the northern Weald Basin between Gatwick Airport and London. HHDL subsequently completed the farm-in to the two PEDLs to obtain the planned 65% working interest in September 2014.

The Horse Hill-1 ("HH-1") well commenced drilling operations in September 2014 and reached total depth at 8,870 feet MD in November 2014. Evaluation of electric logs and other data collected from the well resulted in the announcement on 24 October 2014 of a conventional Upper Portlandian Sandstone oil discovery. Subsequent analysis of the Kimmeridge, Oxfordian and Liassic sections in the well indicated that there was also substantial in place oil in the naturally fractured Kimmeridge Limestones and associated mudstones.

The PEDL 137 licence covers 99.29 square kilometres (24,525 acres) to the north of Gatwick Airport in Surrey and contains the Horse Hill discovery and several other exploration leads. PEDL 246 covers an area of 43.58 square kilometres (10,769 acres) and lies immediately adjacent and to the east of PEDL 137.

In May 2015 the Xodus Group Ltd ("Xodus") produced an independent estimate of the gross discovered oil in place ("STOIIP") of the Portland Sandstone discovery; increasing the previous operators internal view of 8.2 million barrels of oil ("mmbbls") to 21.0 mmbbls. On the basis of this it was agreed to conduct a flow test of the HH-1 well to establish the feasibility of a commercial development of the oil estimated to be in place in the reservoir.

During drilling it was also observed that the Kimmeridge limestones and surrounding mudstones contained oil and following the completion of the drilling of the well, extensive geochemical and electric log analysis was conducted which showed the Kimmeridge formation was mature for oil generation. Solo and its partner in the license, UK Oil and Gas Investments plc ("UKOG"), contracted NUTECH Inc. ("Nutech"), an industry specialist in tight reservoir analysis, to conduct further detailed petrophysical evaluation of the electric logs. This work resulted in the announcement in April 2015 of a potentially significant play with estimated oil in place of over 150 million barrels per square mile.

The results of the work by Nutech have subsequently been independently verified for UKOG in May 2015 by Schlumberger. Schlumberger's estimate of oil in place in the Kimmeridge, Oxford and Lias mudstones and limestones is approximately 255 million barrels per square mile. This significant oil play in the Kimmeridge opens up large areas of the Weald Basin that may have potential for oil production, not limited to the PEDL 137 licence area where the Horse Hill discovery is located.

Based on the observations from Nutech and Schlumberger it was agreed to test the Upper and Lower Kimmeridge Limestones during the testing of the Portland Sandstone discovery. Approval for the test was granted in late 2015 and the tests commenced in early February 2016. Tests lead to naturally flowing oil rates of the Kimmeridge Limestones which are summarised in Table 1 below. The Portland Sandstone was placed on pump to stimulate flow and achieved a maximum stable rate in excess of 300 bopd. These flow rates substantially exceeded the expectations for the well and rank alongside some of the highest rates ever achieved on test for any UK onshore well.

Chairman's Statement incorporating the Strategic Report (continued)

Table 1: Summary of HH-1 Test Results

Zone	Maximum instantaneous oil rate	Stabilised dry oil rate ***	Perforated interval	Depth below surface
	bopd	**bopd**	**feet**	**metres**
U. Portland*	360	323	103	615
U. Kimmeridge **	1008	901	88	840
L Kimmeridge **	700	464	80	900
Total	**2068**	**1688**	**271**	
Notes: * flow rate limited by pump stroke rate capacity ** natural flow *** average over 20 hours aggregate				

The Company is awaiting proposals from HHDL on the next phase of operations at Horse Hill, but the Company sees significant potential for commercial development of both the Portland and Kimmeridge intervals.

UK, Isle of Wight

In October 2014 Solo teamed up with two of its Horse Hill partners, UK Oil and Gas Investments plc ("UKOG") and Angus Energy Limited to make an application in the UK 14th Landward Licensing Round. The application was made for a 200 square kilometre onshore block in the south and central portion of the Isle of Wight, adjacent to UKOG's existing offshore licence which contains an undrilled prospect that is considered to lie both on and offshore the south coast of the island and additional potential onshore in the north-east of the block around the previously drilled Arreton wells.

The UK Oil and Gas Authority ("OGA") advised in December 2015 that it intended to award the licence to the UKOG-Solo-Angus partnership as PEDL 331. The licence was subsequently confirmed in 2016 and Solo holds a non-operated 30% interest. UKOG, as operator, commissioned analysis of the existing data in the new licence area from Xodus who conducted new independent volumetric analyses on the historic Arreton-2 and other adjacent wells. Based on that work Arreton-2, originally drilled in 1974 but not tested, is now considered to be a discovery well on the Arreton Main Field. When taken together with the adjacent prospects Xodus has calculated a P50 gross oil in place estimate of 219 mmbbls in conventional reservoirs within the Purbeck, Portland and Inferior Oolite limestone reservoirs at Arreton. Arreton Main is considered by Xodus to contain most likely (P50) contingent resource net to Solo's interest in PEDL 331 of 4.7 mmbbls.

UKOG has commenced discussions with the local planning authorities and expects to seek regulatory consents to appraise the Arreton Main oil discovery in the coming years.

West Africa, Nigeria

In 2013 Solo made an investment into a Swiss private company, Pan Minerals Oil and Gas AG ("Pan Minerals"), in order to assist Pan Minerals in progressing various opportunities in West Africa where Solo hopes eventually to take an equity stake in a West African oil producer with onshore oil assets. At the beginning of 2015 Solo held a 19.9% interest in Pan Minerals.

Through its activities, funded by Solo's 2014 investment, Pan Minerals gained an opportunity to invest in Burj Petroleum Africa Limited ("Burj Africa") a company which had applied for various undeveloped fields in the 2014 Nigerian Marginal Fields Bid Round ("Marginal Fields Round") along with joint venture partners Global Oil and Gas ("Global") and Truvent Consulting. Solo subsequently announced in April that it planned to exchange its 19.9% shareholding in Pan Minerals for a direct 15.9% in Burj Africa and make a further investment of US$500,000 in cash and shares to increase its shareholding in Burj Africa to 20%. That transaction was completed in May 2015. Solo also gained the right, at its sole election, to convert the equity position in Burj Africa to a direct participation in the joint venture with Global in Nigeria.

Two adjacent marginal fields have been applied for containing 10 wells previously drilled by an international major oil and gas company. These fields are believed by Burj Africa and its partners to contain gross proven, probable and possible recoverable oil reserves of 59.3 mmbbls, approximately 13.5 mmbbls net to Burj Africa after payment of royalties.

Global is the designated operator of the Burj Africa joint venture in Nigeria and Truvent Consulting is an indigenous Nigerian oil and gas development company. Award of these blocks and any subsequent operations continues to be subject to Nigerian government approval. Recent developments in the world oil markets and specific to Nigeria have significantly delayed the issue of new licences under the envisaged Marginal Fields Round. The Company continues to monitor developments in Nigeria and looks forward to further news in due course.

Chairman's Statement incorporating the Strategic Report (continued)

Canada, Ontario

Solo holds a 28.56% interest in 23,500 acres of petroleum leases in southern Ontario which contain a number of Ordovician reefal structures which contain variously oil, gas and condensate. The operator, Reef Resources Inc., has been unable to raise the necessary funds to continue the development of the Ausable gas condensate field and no alternative has so far been found to unlock the potential. Solo's management continues to seek ways to advance or monetise the investment made in the Ausable and adjacent Airport fields, and hopes to report progress in due course.

Morocco

In 2015 Solo acquired a small interest in the shares Canadian listed oil and gas company, Maxim Resources, with a view to acquiring an interest in a possible onshore gas production asset in Morocco. This is a very early stage seed investment and will be reported on more fully as the project takes shape.

Corporate Results

During the full year ending 31 December 2015 there have been no Board changes. In order to fund its ongoing investments the Company raised gross proceeds of £2.7 million in new equity by way of the placing of approximately 504 million new shares at a weighted average price of 0.54p per share.

The Company's operating loss for the period was £906,000 (31 December 2014: £1,130,000 loss). In addition, further charges of £606,000 (31 December 2014: £261,000) relates to the provision for potential losses on the financial instrument (the Equity Swap Agreement) with YA Global Master SPV Ltd as announced on 24 September 2014.

With the downturn in the oil price the Board determined it prudent to impair 50% of its investments in Nigeria and Canada. As a result a write down of £875,000 has been incurred.

Immediate Outlook

The Company's holdings in the Kiliwani North Development Licence and its 25% stake in the Ruvuma PSA continue to represent the most significant investments the Company has made and their further development is being actively pursued. Appraisal drilling of the Ntorya gas condensate discovery will potentially unlock substantial additional value, whilst the KNDL gas production will lead to revenues in the coming months.

The Horse Hill-1 well has added significant additional value to the Company, containing both a commercial conventional Portland Sandstone discovery and a major new play in the Kimmeridge Limestones that has very significant potential. The Isle of Wight licence awarded recently provides a further asset with proven oil potential and will be more fully assessed and permitting for future activities progressed through the balance of 2016.

Current market conditions, with a prolonged period of depressed commodity prices, offers increased opportunities for selective and careful investment. The Company therefore continues to actively assess additional new investment opportunities in Africa and elsewhere and will make further investments in suitable ventures as and when it is considered appropriate.

The Company has a diverse and exciting spread of assets from seed investments in Morocco and Nigeria through to a producing gas field in Tanzania and includes two major discoveries, Ntorya in Tanzania and Horse Hill in the UK. Over its investment period since 2009 the Company has established an excellent track record on drilling, investing in five wells leading to four commercial discoveries. This platform for future growth will be broadened and deepened in 2016 and 2017 as the Company receives revenue from Kiliwani North and looks to further enhance its position in new plays and increased the diversity of the portfolio.

Neil Ritson
Chairman
13 June 2016

Competent Person's statement:
The information contained in this document has been reviewed and approved by Neil Ritson, Chairman for Solo Oil Plc. Mr Ritson is a member of the Society of Petroleum Engineers, a Fellow of the Geological Society, an Active Member of the American Association of Petroleum Geologists and has over 38 years relevant experience in the oil industry.

Chairman's Statement incorporating the Strategic Report (continued)

GLOSSARY & NOTES

2D seismic	seismic data collected using the two-dimensional common depth point method
AIM	London Stock Exchange Alternative Investment Market
API	American Petroleum Institute
barrel or bbl	45 US gallons
bbls	barrels of oil
bcf	billion cubic feet
best estimate or P50	the most likely estimate of a parameter based on all available data, also often termed the P50 (or the value of a probability distribution of outcomes at the 50% confidence level)
billion	10 to the power 9
bopd	barrels of oil per day
contingent resources	those quantities of petroleum estimated, at a gin date, to be potentially recoverable from known accumulations, but the associated projects are not yet considered mature enough for commercial development due to one or more contingencies
CPR	Competent Persons Report
discovery	a petroleum accumulation for which one or several exploratory wells have established through testing, sampling and/or logging the existence of a significant quantity of potentially moveable hydrocarbons
electric logs	tools used within the wellbore to measure the rock and fluid properties of the surrounding formations
GIIP	gas initially in place
GSA	gas sales agreement
HH-1	Horse Hill-1 well
HHDL	Horse Hill Developments Limited
KN-1	Kiliwani North-1 well
KNDL	Kiliwani North Development Licence
m	thousand (ten to the power 3)
mm	million (ten to the power 6)
mmbbls	million barrels of oil
mmscf	million standard cubic feet of gas
mmscfd	million standard cubic feet of gas per day
OGA	UK Oil and Gas Authority (formally the Department of Energy and Climate Change)
oil in place or STOIIP	stock tank oil initially in place, those quantities of oil that are estimated to be in known reservoirs prior to production commencing
pay	reservoir or portion of a reservoir formation that contains economically producible hydrocarbons. The overall interval in which pay sections occur is the gross pay; the portion of the gross pay that meets specific criteria such as minimum porosity, permeability and hydrocarbon saturation are termed net pay
PEDL	Petroleum Exploration and Development Licence
permeability	the capability of a porous rock or sediment to permit the flow of fluids through the pore space
petrophysics	the study of the physical and chemical properties of rock formations and their interactions with fluids
play	a set of known or postulated oil or gas accumulations sharing similar geologic properties
porosity	the percentage of void space in a rock formation
prospective resources	those quantities of petroleum which are estimated, at a given date, to be potentially recovered from undiscovered accumulations
proven reserves	those quantities of petroleum, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable (1P), from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations

Chairman's Statement incorporating the Strategic Report (continued)

GLOSSARY & NOTES

probable reserves	those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P)
possible reserves	those additional reserves which analysis of geoscience and engineering data suggest are less likely to be recoverable than Probable Reserves. The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P) Reserves, which is equivalent to the high estimate scenario
PSA	petroleum sharing agreement
PRMS	Petroleum Resources Management System
reserves	those quantities of petroleum anticipated to be commercially recovered by application of development projects to known accumulations from a given date forward under defined conditions
reservoir	a subsurface rock formation containing an individual natural accumulation of moveable petroleum
SPE	Society of Petroleum Engineers
tcf	trillion cubic feet
trillion	10 to the power 12
unconventional reservoir	widely accepted to mean those hydrocarbon reservoirs that are tight; that is have low permeability

The estimates provided in this statement are based on the Petroleum Resources Management System ("PRMS") published by the ("SPE") and are reported consistent with the SPE's 2011 guidelines. All definitions used in the announcement have the meaning given to them in the PRMS.

Unless otherwise stated all figures are net to Solo's interest.

Directors' Report

The Directors are pleased to present this year's annual report together with the consolidated financial statements for the period ended 31 December 2015.

Principal Activities
The principal activity of the Company is to acquire a diverse portfolio of direct and indirect interests in exploration, development and production oil and gas assets which are based in the Americas, Europe or Africa.

Business Review and future developments
A review of the current and future development of the Company's business is given in the Chairman's Statement, incorporating the Strategic Report on pages 2 to 8.

Results and Dividends
Loss on ordinary activities after taxation amounted to £2.77 million (2014: £1.85 million). The Directors do not recommend payment of a dividend.

Key Performance Indicators
Given the nature of the business and that the Company has adopted a new investing policy and is in the early stages of developing new operations, the directors are of the opinion that analysis using KPI's is not appropriate for an understanding of the development, performance or position of our businesses at this time.

Post Balance Sheet events
At the date these financial statements were approved, being 13 June 2016, the Directors were not aware of any significant post balance sheet events other than those set out in the notes to the financial statements.

Substantial Shareholdings
At 23 May 2016 the following had notified the Company of disclosable interests in 3% or more of the nominal value of the Company's shares:

Shareholder	Number of Shares	% of Issued Capital
Barclayshare Nominees Limited	720,555,338	12.26%
TD Direct Investing Nominees (Europe) Limited	704,862,963	11.99%
HSDL Nominees Limited	562,546,353	9.57%
Hargreaves Lansdown (Nominees) Limited - HLNOM	334,530,155	5.69%
HSBC Client Holdings Nominee (UK) Limited	316,963,159	5.39%
Investor Nominees Limited	295,900,945	5.04%
Hargreaves Lansdown (Nominees) Limited - 15942	220,193,867	3.75%
Hargreaves Lansdown (Nominees) Limited - VRA	190,437,087	3.24%

Directors
The names of the Directors who served during the year are set out below:

Director	Date of Appointment	Date of Resignation
Executive Directors		
Don Strang		
Fergus Jenkins		
Non-Executive Directors		
Sandy Barblett		
Neil Ritson		

Directors' Remuneration
The Company remunerates the Directors at a level commensurate with the size of the Company and the experience of its Directors. The Remuneration Committee has reviewed the Directors' remuneration and believes it upholds the objectives of the Company with regard to this issue. Details of the Director emoluments and payments made for professional services rendered are set out in Note 4 to the financial statements.

Directors' Report (continued)

Directors' Interests

The beneficial interests of the serving Directors in the shares and options of the Company during the period to 31 December 2015 were as follows

	At 31 December 2015		At 31 December 2014	
Director	Shares	Options	Shares	Options
Neil Ritson	33,000,000	54,000,000	33,000,000	66,500,000
Sandy Barblett	600,000	11,250,000	600,000	14,250,000
Don Strang	-	-	-	-
Fergus Jenkins	-	15,000,000	-	15,000,000

Corporate Governance

A statement on Corporate Governance is set out on pages 12– 13.

Environmental Responsibility

The Company is aware of the potential impact that its subsidiary companies may have on the environment. The Company ensures that it, and its subsidiaries at a minimum comply with the local regulatory requirements and the revised Equator Principles with regard to the environment.

Employment Policies

The Company will be committed to promoting policies which ensure that high calibre employees are attracted, retained and motivated, to ensure the ongoing success for the business. Employees and those who seek to work within the Company are treated equally regardless of sex, marital status, creed, colour, race or ethnic origin.

Health and Safety

The Company's aim will be to achieve and maintain a high standard of workplace safety. In order to achieve this objective the Company will provide training and support to employees and set demanding standards for workplace safety.

Payment to Suppliers

The Company's policy is to agree terms and conditions with suppliers in advance; payment is then made in accordance with the agreement provided the supplier has met the terms and conditions. Suppliers are typically paid within 30 days of issue of invoice.

Political Contributions and Charitable Donations

During the period the Company did not make any political contributions or charitable donations.

Annual General Meeting ("AGM")

This report and financial statements will be presented to shareholders for their approval at the AGM. The Notice of the AGM will be distributed to shareholders together with the Annual Report.

Statement of disclosure of information to auditors

As at the date of this report the serving directors confirm that:

- So far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- they have taken all the steps that they ought to have taken as directors' in order to make themselves aware of any relevant audit information and to establish that the Company's auditor are aware of that information

Auditors

A resolution to appoint Chapman Davis LLP and to authorise the Directors to fix their remuneration will be proposed at the next Annual General Meeting.

Going Concern

The Directors note the losses that the Company has made for the year ended 31 December 2015. The Directors have prepared cash flow forecasts for the period ending 30 June 2017 which take account of the current cost and operational structure of the Company.

The cost structure of the Company comprises a high proportion of discretionary spend and therefore in the event that cash flows become constrained, costs can be quickly reduced to enable the Company to operate within its available funding.

These forecasts demonstrate that the Company has sufficient cash funds available to allow it to continue in business for a period of at least twelve months from the date of approval of these financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

Directors' Report (continued)

Statement of Directors' Responsibilities
The directors prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities. They are also responsible for ensuring that the annual report includes information required by the Alternative Investment Market.

Electronic communication
The maintenance and integrity of the Company's website is the responsibility of the directors: the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The Company's website is maintained in accordance with AIM Rule 26.

Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions

By order of the Board:

Neil Ritson
Chairman
13 June 2016

Corporate Governance Statement

The Board is committed to maintaining high standards of corporate governance. The Listing Rules of the Financial Services Authority incorporate the Combined Code, which sets out the principles of Good Governance, and the Code of Best Practice for listed companies. Whilst the Company is not required to comply with the Combined Code, the Company's corporate governance procedures take due regard of the principles of Good Governance set out in the Combined Code in relation to the size and the stage of development of the Company.

Board of Directors
The Board of Directors currently comprises two Executive Directors, and two Non- Executive Directors. The Directors are of the opinion that the Board comprises a suitable balance and that the recommendations of the Combined Code have been implemented to an appropriate level. The Board, through the Chairman and executive directors in particular, maintains regular contact with its advisers and public relations consultants in order to ensure that the Board develops an understanding of the views of major shareholders about the Company.

Board Meetings
The Board meets regularly throughout the year. For the period ending 31 December 2015, the Board met 4 times (2014: 4) in relation to normal operational matters. The Board is responsible for formulating, reviewing and approving the Company's strategy, financial activities and operating performance. Day to day management is devolved to the Executive Director and management who are charged with consulting the Board on all significant financial and operational matters.

All Directors have access to the advice of the Company's solicitors and the Company Secretary necessary information is supplied to the Directors on a timely basis to enable them to discharge their duties effectively, and all Directors have access to independent professional advice, at the Company's expense, as and when required.

Board Committees
The Board has established the following committees, each which has its own terms of reference:

Audit Committee
The Audit Committee considers the Company's financial reporting (including accounting policies) and internal financial controls. The Audit Committee comprises 3 Directors, Sandy Barblett (Chairman), Neil Ritson, and Don Strang, and is responsible for ensuring that the financial performance of the Company is properly monitored and reported on.

Remuneration Committee
The Remuneration Committee is responsible for making recommendations to the Board on Directors' and senior executives' remuneration. It comprises 2 Directors, Sandy Barblett (Chairman) and Neil Ritson. Non-Executive Directors' remuneration and conditions are considered and agreed by the Board. The Committee will also have regard to the terms which may be required to attract an experienced executive to join the Board from another company.

Internal controls
The Directors acknowledge their responsibility for the Company's systems of internal controls and for reviewing their effectiveness. These internal controls are designed to safeguard the assets of the Company and to ensure the reliability of financial information for both internal use and external publication. Whilst they are aware that no system can provide absolute assurance against material misstatement or loss, in light of increased activity and further development of the Company, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

Risk Management
The Board considers risk assessment to be important in achieving its strategic objectives. There is a process of evaluation of performance targets through regular reviews by senior management to forecasts. Project milestones and timelines are regularly reviewed.

Risks and uncertainties
The principal risks facing the Company are set out below. Risk assessment and evaluation is an essential part of the Company's planning and an important aspect of the Company's internal control system.

General and economic risks
• contractions in the world's major economies or increases in the rate of inflation resulting from international conditions;
• movements in the equity and share markets in the United Kingdom and throughout the world;
• weakness in global equity and share markets in particular, in the United Kingdom, and adverse changes in market sentiment towards the resource industry;
• currency exchange rate fluctuations and, in particular, the relative prices of Canadian Dollar and US Dollar and the UK Pound;

Corporate Governance Statement (continued)

• exposure to interest rate fluctuations; and

• adverse changes in factors affecting the success of exploration and development operations, such as increases in expenses, changes in government policy and further regulation of the industry; unforeseen major failure, breakdowns or repairs required to key items of plant and equipment resulting in significant delays, notwithstanding regular programmes of
repair, maintenance and upkeep; variations in grades and unforeseen adverse geological factors or prolonged weather conditions.

Funding risk
• The Company or the companies in which it has invested may not be able to raise either by debt or further equity, sufficient funds to enable completion of planned exploration, investment and/or development projects.

Market risk
• The ability of the Company (and the companies it invests in) to continue to secure sufficient and profitable sales contracts to support its operations is a key business risk.

Insurance
The Company maintains insurance in respect of its Directors and Officers against liabilities in relation to the Company.

Treasury Policy
The Company finances its operations through equity and holds its cash as a liquid resource to fund the obligations of the Company. Decisions regarding the management of these assets are approved by the Board. Refer Note 18.

Securities Trading
The Board has adopted a Share Dealing Code that applies to Director, senior management and any employee who is in possession of 'inside information'. All such persons are prohibited from trading in the Company's securities if they are in possession of 'inside information'. Subject to this condition and trading prohibitions applying to certain periods, trading can occur provided the relevant individual has received the appropriate prescribed clearance.

Relations with Shareholders
The Board is committed to providing effective communication with the shareholders of the Company. Significant developments are disseminated through stock exchange announcements and regular updates of the Company website. The Board views the AGM as a forum for communication between the Company and its shareholders and encourages their participation in its agenda.

Independent Auditor's Report to the Members of Solo Oil plc

We have audited the financial statements of Solo Oil Plc for the period ended 31 December 2015 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements
In our opinion:
• the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of the Company's loss for the period then ended;
• the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
• the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion:
• the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:
• adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
• the Company financial statements are not in agreement with the accounting records and returns; or
• certain disclosures of directors' remuneration specified by law are not made; or
• we have not received all the information and explanations we require for our audit.

Rowan J. Palmer (Senior Statutory Auditor)
for and on behalf of Chapman Davis LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
13 June 2016

Financial Statements

Statement of Comprehensive Income for the year ended 31 December 2015

	Notes	Year ended 31 December 2015 £000's	Year ended 31 December 2014 £000's
Revenue		-	-
Administrative expenses		(906)	(1,130)
Loss from operations	3	**(906)**	**(1,130)**
Impairment charge	**9, 10**	(875)	(400)
Finance costs	**6**	(386)	(84)
Finance revenue	**7**	-	27
Provision for losses on financial instrument	**13**	(606)	(261)
Loss before taxation		**(2,773)**	**(1,848)**
Income tax	**5**	-	-
Loss for the period		**(2,773)**	**(1,848)**
Other comprehensive income			
Decrease in value of Available for sale assets		(78)	(4)
Other comprehensive income for the year net of taxation		**(78)**	**(4)**
Total comprehensive income for the period attributable to equity holders of the parent		**(2,851)**	**(1,852)**
Loss per share (pence)			
Basic and diluted	**8**	**(0.05)**	**(0.04)**

Statement of Financial Position as at 31 December 2015

	Notes	31 December 2015	31 December 2014
		£000's	£000's
Assets			
Non- current assets			
Intangible asset	**9**	11,392	9,043
Available for sale assets	**10**	1,192	1,522
Total non-current assets		**12,584**	**10,565**
Current assets			
Trade and other receivables	**12**	523	974
Derivative financial instrument	**13**	-	489
Cash and cash equivalents		824	2,021
Total current assets		**1,347**	**3,484**
Total assets		**13,931**	**14,049**
Liabilities			
Current liabilities			
Trade and other payables	**14**	(234)	(180)
Derivative financial instrument	**13**	(314)	-
Borrowings	**15**	(112)	(536)
Total liabilities		**(660)**	**(716)**
Net assets		**13,271**	**13,333**
Equity			
Share capital	**16**	556	501
Deferred share capital	**16**	1,831	1,831
Share premium		25,077	22,360
Share-based payment reserve		884	936
AFS reserve		(82)	(4)
Retained loss		(14,995)	(12,291)
		13,271	**13,333**

The financial statements were approved by the board of directors and authorised for issue on 13 June 2016.
They were signed on its behalf by ;

Don Strang	**Fergus Jenkins**
Director	Director

Statement of Cash Flows for the year ended 31 December 2015

	Year ended 31 December 2015 £000's	Year ended 31 December 2014 £000's
Cash outflow from operating activities		
Operating loss	(906)	(1,130)
Adjustments for:		
Share-based payments	-	208
Decrease in receivables	451	317
Increase/(Decrease) in payables	54	64
Foreign exchange loss	6	3
Net cash outflow from operating activities	**(395)**	**(538)**
Cash flows from investing activities		
Interest received	-	27
Payments to acquire intangible assets	(2,649)	(994)
Payment to acquire derivative financial instrument	-	(750)
Net payments on settlements of derivative financial instruments	(110)	-
Payments to acquire Available for sale investments	(132)	(713)
Net cash outflow from investing activities	**(2,891)**	**(2,430)**
Cash flows from financing activities		
Proceeds from borrowings	336	536
Repayments of borrowings	(754)	-
Finance costs	(62)	(52)
Proceeds on issuing of ordinary shares	2,700	2,759
Cost of issue of ordinary shares	(131)	(210)
Net cash inflow from financing activities	**2,089**	**3,033**
Net increase in cash and cash equivalents	**(1,197)**	**65**
Cash and cash equivalents at beginning of the period	**2,021**	**1,956**
Cash and cash equivalents at end of the period	**824**	**2,021**

The above Cash Flow should be read in conjunction with the accompanying notes.

Statement of Changes in Equity for the year ended 31 December 2015

	Share capital £000's	Deferred share capital £000's	Share premium £000's	Share based payments £000's	AFS reserve £000's	Accumulated losses £000's	Total equity £000's
Balance at 31 December 2013	**460**	**1,831**	**19,852**	**696**	**-**	**(10,443)**	**12,396**
Loss for the period	-	-	-	-	-	(1,848)	(1,848)
Decrease in value of Available for sale assets	-	-	-	-	(4)	-	(4)
Total comprehensive income	-	-	-	-	(4)	**(1.848)**	**(1,852)**
Share issue	41	-	2,718	-	-	-	2,759
Cost of share issue	-	-	(210)	-	-	-	(210)
Share-based payment charge	-	-	-	240	-	-	240
Total contributions by and distributions to owners of the Company	**41**	**-**	**2,508**	**240**	**-**	**-**	**2,789**
Balance at 31 December 2014	**501**	**1,831**	**22,360**	**936**	**(4)**	**(12,291)**	**13,333**
Loss for the period	-	-	-	-	-	(2,773)	(2,773)
Decrease in value of Available for sale assets	-	-	-	-	(78)	-	(78)
Total comprehensive income	-	-	-	-	(78)	**(2,773)**	**(2,851)**
Share issue	55	-	2,848	-	-	-	2,903
Cost of share issue	-	-	(131)	-	-	-	(131)
Share-based payment charge	-	-	-	17	-	-	17
Share options expired	-	-	-	(69)	-	69	-
Total contributions by and distributions to owners of the Company	**55**	**-**	**2,717**	**(52)**	**-**	**69**	**2,789**
Balance at 31 December 2015	**556**	**1,831**	**25,077**	**884**	**(82)**	**(14,995)**	**13,271**

1 Summary of significant accounting policies

General information and authorisation of financial statements

Solo Oil Plc is a public limited Company incorporated in England & Wales. The address of its registered office is Suite 3B, Princes House, 38 Jermyn Street, London SW1Y 6DN. The Company's ordinary shares are traded on the AIM Market operated by the London Stock Exchange. The financial statements of Solo Oil plc for the year ended 31 December 2015 were authorised for issue by the Board on 13 June 2016 and the balance sheets signed on the Board's behalf by Mr. Fergus Jenkins and Mr Don Strang.

Investing policy

Solo's Investing Policy is to acquire a diverse global portfolio of direct and indirect interests in exploration, development and production oil and gas assets, both on-shore and off-shore.

The Company (Solo) may invest by way of outright acquisition or by the acquisition of assets, including the intellectual property, of a relevant business, partnerships or joint venture arrangements. Such investments may result in the Company acquiring the whole or part of a company or project (which in the case of an investment in a company may be private or listed on a stock exchange, and which may be pre-revenue), may constitute a minority stake in the company or project in question and may take the form of equity, joint venture debt, convertible instruments, licence rights, or other financial instruments as the Directors deem appropriate.

Solo intends to be a long-term investor and the Directors will place no minimum or maximum limit on the length of time that any investment may be held.

There is no limit on the number of projects into which the Company may invest, nor the proportion of the Company's gross assets that any investment may represent at any time and the Company will consider possible opportunities anywhere in the world.

All of the Solo's assets will be held in its own name, or through wholly owned subsidiaries.

Statement of compliance with IFRS

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006. The principal accounting policies adopted by the Company are set out below.

New standards, amendments and interpretations adopted by the Company

No new and/or revised Standards and Interpretations have been required to be adopted, and/or are applicable in the current year by/to the Company, as standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2015 are not material to the Company.

New standards, amendments and interpretations not yet adopted

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements, were in issue but not yet effective for the year presented:

- IFRS 9 in respect of Financial Instruments which will be effective for the accounting periods beginning on or after 1 January 2018.

- IFRS 14 in respect of Regulatory Deferral Accounts which will be effective for accounting periods beginning on or after 1 January 2016.

- IFRS 15 in respect of Revenue from Contracts with Customers which will be effective for accounting periods beginning on or after 1 January 2017.

- Amendments to IFRS 10, IFRS 12 and IAS 28 in respect of the application of the consolidation exemption to investment entities which will be effective for accounting periods beginning on or after 1 January 2016.

- Amendments to IFRS 10 and IAS 28 in respect of the treatment of a Sale or Contribution of Assets between an Investor and its Associate or Joint Venture which will be effective for accounting periods beginning on or after 1 January 2016.

- Amendments to IFRS 11 in respect of Accounting for Acquisitions of Interest in Joint Operations which will be effective for accounting periods beginning on or after 1 January 2016.

- Amendments to IAS 1 in respect of determining what information to disclose in annual financial statements which will be effective for accounting periods beginning on or after 1 January 2016.

- Amendments to IAS 16 and IAS 38 in respect of Clarification of Acceptable Methods of Depreciation and Amortisation which will be effective for accounting periods beginning on or after 1 January 2016.

- Amendments to IAS 16 and IAS 41 in respect of Bearer Plants which will be effective for accounting periods beginning on or after 1 January 2016.

- Amendments to IAS 27 to allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates which will be effective for accounting periods beginning 1 January 2016.

1 **Summary of significant accounting policies (continued)**

New standards, amendments and interpretations not yet adopted (continued)
- Annual improvements to IFRS's which will be effective for accounting periods beginning on or after 1 January 2016 as follows:
  - IFRS 5 – Changes in methods of disposal
  - IFRS 7 – Servicing contracts
  - IFRS 7 – Applicability of the amendments to IFRS 7 to condensed interim financial statements
  - IAS 19 – Discount rate: Regional market issue
  - IAS 34 – Disclosure of information "elsewhere in the interim financial report"

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

Basis of preparation
The consolidated financial statements have been prepared on the historical cost basis, except for the measurement to fair value of assets and financial instruments as described in the accounting policies below, and on a going concern basis.

The financial report is presented in Pound Sterling (£) and all values are rounded to the nearest thousand pounds (£'000) unless otherwise stated.

Basis of consolidation
Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. Consolidated financial statements would represent the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full. If a subsidiary has remained dormant throughout its incorporated life, there is no consolidation of that subsidiary required.

Available for sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Group's available-for-sale financial assets include unlisted securities. These available-for-sale financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the available-for-sale reserve within equity, except for impairment losses and foreign exchange differences, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income. Interest calculated using the effective interest method and dividends are recognised in profit or loss within finance income

Revenue recognition
Revenue is recognised to the extent that the right to consideration is obtained in exchange for performance. Payment received in advance of performance is deferred on the balance sheet as a liability and released as services are performed or products are exchanged as per the agreement with the customer.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Foreign currencies
Transactions in currencies other than Sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on retranslation are included in the income statement for the period.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of the overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the balance sheet date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised directly in equity (the "foreign exchange reserve").

Taxation
The tax expense represents the sum of the current tax and deferred tax.

The current tax is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

1 Summary of significant accounting policies (continued)

Externally acquired intangible assets
Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives. The amortisation expense is included within the administrative expenses line in the consolidated income statement.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques.

Impairment of tangible and intangible assets excluding goodwill
At each balance sheet date the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If there is such indication then an estimate of the asset's recoverable amount is performed and compared to the carrying amount.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less that its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a re-valued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Borrowings
Borrowings are recognised initially at fair value, net of any applicable transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method (if applicable).

Interest on borrowings is accrued as applicable to that class of borrowing.

Provisions
Provisions are recognised for liabilities of uncertain timing or amount that have arisen as a result of past transactions and are discounted at a pre-tax rate reflecting current market assessments of the time value of money and the risks specific to the liability.

Financial instruments
Financial assets and financial liabilities are recognised on the balance sheet when the Group has become a party to the contractual provisions of the instrument

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at bank and short term deposits with banks and similar financial institutions.

Trade and other receivables
Trade and other receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Financial liability and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Trade and other payables

Trade and other payables are non interest bearing and are stated at their nominal value.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

1 Summary of significant accounting policies (continued)

Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated income statement over the remaining vesting period.
Where equity instruments are granted to persons other than employees, the consolidated income statement is charged with the fair value of goods and services received. Equity-settled share-based payments are measured at fair value at the date of grant except if the value of the service can be reliably established. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest.

Critical accounting estimates and judgements

The Group makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of goodwill

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows - actual outcomes may vary. If the carrying amount exceeds the recoverable amount then impairment is made.

Useful lives of intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are amortised or depreciated over their useful lives. Useful lives are based on the management's estimates of the period that the assets will generate revenue, which are based on judgement and experience and periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the consolidated income statement in specific periods.

Share-based payments

The Group utilised an equity-settled share-based remuneration scheme for employees. Employee services received, and the corresponding increase in equity, are measured by reference to the fair value of the equity instruments at the date of grant, excluding the impact of any non-market vesting conditions. The fair value of share options are estimated by using Black-Scholes valuation method as at the date of grant. The assumptions used in the valuation are described in note 12 and include, among others, the expected volatility, expected life of the options and number of options expected to vest.

Determination of fair values of intangible assets acquired in business combinations

The fair value of patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that would have been avoided as a result of the trademark or a patent being owned. The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the asset.

Income taxes

The Group is subject to income tax in several jurisdictions and significant judgement is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Group recognises tax liabilities based on estimates of whether additional taxes and interest will be due. The Group believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events. To the extent that the final tax outcome of such matters is different than the amounts recorded, the differences will impact income tax expense in the period in which such determination is made.

Deferred taxation

Deferred tax assets are recognised when it is judged more likely than not that they will be recovered.

1 Summary of significant accounting policies (continued)

Equity reserves

Share capital is determined using the nominal value of shares that have been issued.

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

The share based payment reserve represents the cumulative amount which has been expensed in the income statement in connection with share based payments, less any amounts transferred to retained earnings on the exercise of share options.

Available Sale Financial Asset & Hedging reserve represents the market value movement of AFS investments, and the market value movement of the Company's share price in accordance with the Derivative Assets the Company holds, including the Equity Swap Asset.

Retained earnings include all current and prior period results as disclosed in the income statement

Going Concern

The Directors noted the losses that the Company has made for the Year Ended 31 December 2015. The Directors have prepared cash flow forecasts for the period ending 30 June 2017 which take account of the current cost and operational structure of the Company.

The cost structure of the Company comprises a high proportion of discretionary spend and therefore in the event that cash flows become constrained, costs can be quickly reduced to enable the Company to operate within its available funding.

These forecasts demonstrate that the Company has sufficient cash funds available to allow it to continue in business for a period of at least twelve months from the date of approval of these financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

It is the prime responsibility of the Board to ensure the Company remains a going concern. At 31 December 2015 the Company had cash and cash equivalents of £824,000 and borrowings of £112,000. The Company has minimal contractual expenditure commitments and the Board considers the present funds sufficient to maintain the working capital of the Company for a period of at least 12 months from the date of signing the Annual Report and Financial Statements. For these reasons the Directors adopt the going concern basis in the preparation of the Financial Statements.

2 Turnover and segmental analysis

The Company has not generated any revenues from external customers during the year.

An operating segment is a distinguishable component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Company's chief operating decision maker to make decisions about the allocation of resources and assessment of performance and about which discrete financial information is available. The chief operating decision maker has defined that the Company's only reportable operating segment during the period is mining.

Subject to further acquisitions the Company expects to further review its segmental information during the forthcoming financial year.

In respect of the total assets, £1,963,000 (2014: £4,084,000) arise in the UK, and £300,000 (2014: £706,000) arise in Canada, £11,092,000 arise in Tanzania (2014: £8,443,000), £576,000 arise elsewhere in Africa (2014: £nil), and £nil arise in Switzerland (2014: £816,000).

		Year ended 31 December 2015 £000's	Year ended 31 December 2014 £000's
3	**Operating loss**		
	Loss from operations has been arrived at after charging:		
	Directors fees	279	279
	Salaries and wages	35	78
	Audit fees	13	15
	Share-based payments	-	208
	Amounts payable to auditors and their associates in respect of both audit and non-audit services:		
	Audit services - statutory audit – Chapman Davis LLP	13	15
		13	15

4 Employee information and directors emoluments

	Year ended 31 December 2015 £000's	Year ended 31 December 2014 £000's
Staff information		
The average number of employees (excluding executive directors) was :	1	2
Their aggregate remuneration comprised :	**£000's**	**£000's**
Wages and salaries	35	78
Total	**35**	**78**
Directors' remuneration		
Total	**279**	**279**

Year ended 31 December 2015	Salary and fees £000's	Share-based payments £000's	Total £000's
Neil Ritson	125	-	125
Don Strang	90	-	90
Fergus Jenkins	40	-	40
Sandy Barblett	24	-	24
	279	**-**	**279**

Year ended 31 December 2014	Salary and fees £000's	Share-based payments £000's	Total £000's
Neil Ritson	125	-	125
David Lenigas (*1)	95	-	95
Don Strang (*2)	25	-	25
Fergus Jenkins (*2)	10	-	10
Sandy Barblett	24	-	24
	279	**-**	**279**

(*1) Resigned as a director on 17 October 2014.
(*2) Appointed as a director on 17 October 2014.

		Year ended 31 December 2015 £000's	Year ended 31 December 2014 £000's
5	**Taxation**		
	Current tax expense		
	UK corporation tax and income tax of overseas operations on profits for the period	-	-
	Total income tax expense	-	-
	The reasons for the difference between the actual tax charge for the period and the standard rate of corporation tax in the UK applied to profits for the year are as follows:		
	Loss for the period	(2,773)	(1,848)
	Standard rate of corporation tax in the UK	20/21%	21/23%
	Loss on ordinary activities multiplied by the standard rate of corporation tax	(562)	(397)
	Expenses not deductible for tax purposes	304	138
	Future income tax benefit not brought to account	258	259
	Current tax charge for period	-	-

No deferred tax asset has been recognised because there is uncertainty of the timing of suitable future profits against which they can be recovered.

		Year ended 31 December 2015 £000's	Year ended 31 December 2014 £000's
6	**Finance costs**		
	Loan Interest	39	9
	Finance fees	23	43
	Losses on settled equity swap payments	307	-
	Share-based payments	17	32
	Total	**386**	**84**

		Year ended 31 December 2015 £000's	Year ended 31 December 2014 £000's
7	**Finance revenue**		
	Interest on cash deposits	-	27

		Year ended 31 December 2015 £000's	Year ended 31 December 2014 £000's
8	**Loss per share**		
	The calculation of loss per share is based on the loss after taxation divided by the weighted average number of shares in issue during the period:		
	Net loss after taxation (£000's)	(2,773)	(1,848)
	Number of shares		
	Weighted average number of ordinary shares for the purposes of basic loss per share (millions)	5,390.5	4,747.2
	Basic and diluted loss per share (expressed in pence)	(0.05)	(0.04)

As inclusion of the potential ordinary shares would result in a decrease in the earnings per share they are considered to be anti-dilutive, as such, a diluted earnings per share is not included.

9 Intangible assets

	Deferred exploration expenditure £000's	Total £000's
Cost		
As at 31 December 2013	**10,107**	**10,107**
Additions	994	994
As at 31 December 2014	**11,101**	**11,101**
Additions	2,649	2,649
As at 31 December 2015	**13,750**	**13,750**
Accumulated amortisation and impairment		
Balance at 31 December 2013	**1,658**	**1,658**
Impairment charge	400	400
Balance at 31 December 2014	**2,058**	**2,058**
Impairment charge	300	300
Balance at 31 December 2015	**2,358**	**2,358**
Net book value		
As at 31 December 2015	**11,392**	**11,392**
As at 31 December 2014	9,043	9,043

Impairment Review

At 31 December 2015, the directors have carried out an impairment review and have considered that a further impairment write-down of £300,000 is required against the Company's 28.56% direct working interest in all of Reef Resources Limited's (Reef) Ontario properties (2014: £400,000). This impairment charge reflects a revised value of the Company's entire 28.56% interest of approximately CAD$0.62 million. (2014: CAD$1.1 million).

10 Available for sale financial assets

Investment in listed and unlisted securities	31 December 2015 £000's	31 December 2014 £000's
Valuation at beginning of the period	1,522	816
Additions at cost	335	713
Foreign exchange (loss)	(12)	(3)
Impairment provision – Burj Africa	(575)	-
Decrease in value of listed investment	(78)	(4)
Valuation at the end of the period	**1,192**	**1,522**

The available for sale investments splits are as below:		
Non-current assets – listed	16	106
Non-current assets - unlisted	1,176	1,416
	1,192	1,522

On 29 April 2015, the Company completed its exchange of its shareholding in Pan Minerals Oil and Gas AG ("Pan Minerals") for a direct holding of 15.9% in Burj Petroleum Africa Limited ("Burj Africa"), a private UK registered company created with the purpose of participating in the current marginal field licensing round in Nigeria. The Company also entered into an agreement to increase its investment in Burj Africa by acquiring an additional 5% holding in Burj Africa through a payment of US$200,000 in cash and, the equivalent of US$300,000 in 39,750,000 new Ordinary Shares at an issue price of 0.51 p per share. This was completed on 6 May 2015, as such the Company holds a total interest of 20% in Burj Africa. The holding cost of the Company's shares in Pan Minerals was equal to the acquisition cost of those shares, approximately £800,000. And thus following the transaction to convert those shares to a holding in Burj Africa and the acquisition of additional Burj Africa shares took the total holding value in Solo's accounts to approximately £1.1 million. On reviewing the carrying value at 31 December 2015, the Directors made the decision to make an impairment provision against Burj of 50%, £575,000, this took in consideration of the fall in oil price and the political environment in Nigeria causing severe delays in the marginal oil field allocation process.

On 4 February 2014, the Company completed the acquisition of a 10% shareholding in Horse Hill Developments Ltd ("HHDL"), a company incorporated in England & Wales, with investments in the UK, for a total cash consideration of £600,000.

Available-for-sale investments comprise investments in unlisted and listed securities which are traded on stock market throughout the world, and are held by the Company as a mix of strategic and short term investments.

11 Investment in subsidiaries

	31 December 2015 £000's	31 December 2014 £000's
As at 1 July	-	-
Additions	-	-
At 31 December	**-**	**-**

The only subsidiary of Solo Oil Plc, which is dormant, and has been since incorporation, is as follows:

Name	Country of incorporation	Proportion of ownership interest
Solo Oil International Limited	UK	100%

12 Trade and other receivables

Current trade and other receivables	31 December 2015 £000's	31 December 2014 £000's
Loan to HHDL	369	210
Prepayments	66	41
Other debtors	88	723
	523	**974**

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

13 Derivative financial instrument

Equity Swap	31 December 2015 £000's	31 December 2014 £000's
Fair value at 1 January	489	-
Cost of equity swap arrangement	-	750
Settlements during the year	110	-
(Losses) on settlements	(307)	-
Provision at 31 December	(606)	(261)
Fair value at 31 December	**(314)**	**489**

On 24 September 2014, the Company announced that it had entered into an equity swap arrangement ("the Equity Swap Agreement") with YAGM over 157,894,737 of the Subscription Shares ("the Swap Shares"). In return for a payment by the Company to YAGM of £750,000, twelve monthly settlement payments in respect of such payment were to be made by YAGM to the Company, or by the Company to YAGM, based on a formula related to the difference between the prevailing market price (as defined in the Equity Swap Agreement) of the Company's ordinary shares in any month and a "benchmark price" that is 5% above the Subscription Price. Thus the funds received by the Company in respect of the Swap Shares are dependent on the future price performance of the Company's ordinary shares.

YAGM may elect to terminate the Equity Swap Agreement and accelerate the payments due under it in certain circumstances. The Company may pause a monthly payment under the Equity Swap Agreement once in each six month period. YAGM has agreed that it and its affiliates will refrain from holding any net short position in respect of the Company's ordinary shares until the expiry or, if earlier, the termination of the Equity Swap Agreement.

By 31 December 2014, no swaps had been closed out and no payments received from or made to YAGM. The full remaining balance has been fair valued at 31 December 2014, resulting in a provision with the resultant charge disclosed in the Income Statement.

On 27 March 2015, the Company agreed in exchange for a deferral payment of US$50,000 to YAGM to defer the start of the settlement Dates under the Swap Agreement until 1 May 2015.

During the year ended 31 December 2015, the Company completed 3 monthly settlements (October – December 2015), which as a result of the decline in the Company's share price realised a loss on settlement of £307,000 for the 3 months.

As at 31 December 2015, the remaining balance has been fair valued, resulting in a creditor balance of £314,000, and incurring an unrealised loss on revaluation of £606,000 through the income statement.

14 Trade and other payables

Current trade and other payables	**31 December 2015 £000's**	**31 December 2014 £000's**
Trade payables	55	125
Other payables	138	-
Accruals	41	55
	234	**180**

The directors consider that the carrying amount of trade payables approximates to their fair value.

15 Borrowings

Current trade and other payables	**31 December 2015 £000's**	**31 December 2014 £000's**
Loans – other (unsecured)	112	536
	112	**536**

On 24 September 2014, the Company agreed a US$5million debt facility with YA Global Master SPV ("YAGM"), and drew down the first US$1million on that date. This loan carried a twelve month repayment schedule at a fixed coupon of 10%. Any subsequent drawdowns were to be on the same terms and subject to approval by YAGM. This initial drawdown was fully repaid during the year ended 31 December 2015.

On 26 March 2015, the Company drew down a further US500,000 from the agreed debt facility, under the same repayment terms as above. As at 31 December 2015, four instalments remained outstanding, all of which have now been fully repaid after the year end in accordance with the terms of the loan.

16 Share capital

	Number of shares	**Nominal value £000's**
a) Called up, allotted, issued and fully paid: Ordinary shares of 0.01p each		
As at 31 December 2013	**4,596,728,041**	**460**
25 June 2014 – Placing for cash at 0.28p	178,571,429	18
3 October 2014 – Placing for cash at 0.95p	237,894,737	23
As at 31 December 2014	**5,013,194,207**	**501**
10 February 2015 - Placing for cash at 0.5p	140,000,000	14
21 April 2015 – Placing for cash at 0.55p	363,636,364	37
30 April 2015 – Non-cash issue at 0.51p on acquisition of Burj Petroleum Africa Ltd	39,750,000	4
As at 31 December 2015	**5,556,580,571**	**556**

b) Deferred shares

Deferred shares of 0.69 pence each (2014: 265,324,634)	**265,324,634**	**1,831**

c) Total Share options in issue

During the year no options were granted (2014: 100 million).

As at 31 December 2015 the options in issue were:

Exercise Price	**Expiry Date**	**Options in Issue 31 December 2015**
1.54p	30 April 2018	7,000,000
0.5p	31 December 2020	204,000,000
0.5p	31 December 2020	68,500,000
0.3p	31 December 2020	100,000,000
		379,500,000

No options were exercised during the period (2014: nil).

28million options lapsed during the period (2014: 20million).

No options were cancelled during the period (2014: nil).

d) Total warrants in issue

During the year, 15,328,167 warrants were issued with a subscription price of 0.69p per share (2014: 16,624,610).

No warrants lapsed or were cancelled or exercised during the year (2014: nil).

As at 31 December 2015 the 31,952,777 warrants at 1.2p & 0.69p per share were outstanding. (2014: 16,624,610)

17 Share based payment

During the year the Company issued no options but did issue warrants in relation to loan draw-down financing. The total options and warrants and movements therein during the year were as follows:

	31 December 2015		31 December 2014	
	Weighted average exercise price (pence)	Number	Weighted average exercise price (pence)	Number
Outstanding at the beginning of the period	0.497	424,124,610	0.5	307,500,000
Granted during the period - warrants	0.69	15,328,167	1.2	16,624,610
Granted during the period - options	-	-	0.3	100,000,000
Cancelled during the period - options	-	-	-	-
Exercised during the period	-	-	-	-
Lapsed during the period - options	0.5	(28,000,000)	-	-
Lapsed during the period - warrants	-	-	-	-
Outstanding at the end of the period – Options & warrants	**0.504**	**379,500,000**	**0.497**	**424,124,610**

The exercise price of options outstanding at the end of the year ranged between 1.54p and 0.30p, and the exercise price of warrants outstanding at the end of the year ranged between 1.2p and 0.69p.

The weighted average fair value of each option granted during the period was nil (2014: options 0.3p).

The Company used the Black-Scholes model to determine the value of the options and the inputs were as follows:

	Issue 7/07/2014
Share price at grant (pence)	0.31
Fair Value price at grant (pence)	0.21
Expected volatility (%)	68.3%
Expected life (years)	6.5 years
Risk free rate (%)	4.0%
Expected dividends (pence)	nil

Expected volatility was determined by using the volatility rate used by listed companies in similar industries and those companies with similar sizes.

The total share-based payment expense in the year for the Company was £nil expense in relation to options (2014: £208,000 expense) and £17,000 finance charges in relation to warrants (2014: £32,000).

Employee Benefit Trust

The Company established on 7 December 2012, an employee benefit trust called the Solo Oil Employee Benefit Trust ("EBT") to implement the use of the Company's existing share incentive plan over 5% of the Company's issued share capital from time to time in as efficient a manner as possible for the beneficiaries of that plan. The EBT is a discretionary trust for the benefit of directors and employees of the Company and its subsidiaries.

No further subscriptions for shares in the Company has been made by the EBT during the years ended 31 December 2015 and 2014.

18 Financial instruments

The Company is exposed through its operations to one or more of the following financial risks:

- Fair value or cash flow interest rate risk
- Foreign currency risk
- Liquidity risk
- Credit risk
- Market risk

Policy for managing these risks is set by the Board. The policy for each of the above risks is described in more detail below.

Fair value and cash flow interest rate risk
Currently the Company does not have external borrowings. However, the Company has a policy of holding debt at a floating rate. The directors will revisit the appropriateness of this policy should the Company's operations change in size or nature. Operations are not permitted to borrow long-term from external sources locally.

Foreign currency risk
Foreign exchange risk arises because the Company has operations located in various parts of the world whose functional currency is not the same as the functional currency in which the company's investments are operating. The Company's net assets are exposed to currency risk giving rise to gains or losses on retranslation into sterling. Only in exceptional circumstances will the Company consider hedging its net investments in overseas operations as generally it does not consider that the reduction in volatility in consolidated net assets warrants the cash flow risk created from such hedging techniques.

Liquidity risk
The liquidity risk of each entity is managed centrally by the treasury function. Each operation has a facility with treasury, the amount of the facility being based on budgets. The budgets are set locally and agreed by the board annually in advance, enabling the cash requirements to be anticipated. Where facilities of entities need to be increased, approval must be sought from the finance director. Where the amount of the facility is above a certain level agreement of the board is needed.

All surplus cash is held centrally to maximise the returns on deposits through economies of scale. The type of cash instrument used and its maturity date will depend on the forecast cash requirements.

Credit risk
The Company is mainly exposed to credit risk from credit sales. It is Company policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices.

The Company does not enter into complex derivatives to manage credit risk, although in certain isolated cases may take steps to mitigate such risks if it is sufficiently concentrated.

Market risk
As the company is now investing in listed companies, the market risk will be that of finding suitable investments for the company to invest in and the returns that those investments will return given the markets that in which investments are made.

19 Related party transactions

The company had the following amounts outstanding from its investee companies (Note 10) at 31 December:

	2015 £'000	2014 £'000
Horse Hill Development Ltd ("Horse Hill")	369	210

The above loan outstanding is included within trade and other receivables, Note 12. The loan to Horse Hill has been made in accordance with the terms of the investment agreement whereby it accrues interest daily at the Bank of England base rate and is repayable out of future cash flows.

There were no transactions between the parent and its dormant subsidiary, which are related parties, during the period. Details of director's remuneration, being key personnel, are given in note 4.

Remuneration of Key Management Personnel

The remuneration of the directors, and other key management personnel of the Company, is set out below in aggregate for each of the categories specified in IAS24 Related party Disclosures.

	Year ended 31 December 2015 £'000s	Year ended 31 December 2014 £'000s
Short-term employee benefits	314	357
Share-based payments	-	-
	314	**357**

20 Ultimate controlling party

In the opinion of the directors there is no controlling party.

21 Retirement benefit scheme

The Company does not operate either a defined contribution or defined benefit retirement scheme.

22 Commitments

As at 31 December 2015, the Company had no material commitments**.**

23 Post balance sheet event

On 1 February 2016, Solo was advised by Aminex PLC ("Aminex") that they are not proceeding with their proposed agreement with Bowleven PLC ("Bowleven") to farmout acreage in Tanzania, originally announced to shareholders on 19 November 2015. A mutually agreeable work programme between the parties and the Tanzania Petroleum Development Corporation could not be agreed and as a result the parties will not now close the transaction announced in December 2015. Solo had entered into a back-to-back agreement with Aminex to farm out part of the Company's interest in the Ruvuma Petroleum Sharing Agreement ("Ruvuma PSA"), however, that transaction will also now be terminated by mutual agreement. Solo's interest in the Ruvuma PSA will therefore remain at 25%.

On 11 February 2016, Solo announced that further to the various agreements previously announced with Aminex plc ("Aminex") to acquire a further interest in the Kiliwani North Development Licence ("KNDL") Solo has agreed to increase its interest to 10%. Solo currently holds a 6.175% interest in the KNDL where the Kiliwani North-1 well is located and will pay Aminex US$2.16 million to increase its holding by 3.825% to 10%. *The key terms of the proposed KNDL acquisition are set out below:*

1. Solo has agreed to reduce its option to acquire a further 6.175% in the KNDL in the Second Tranche Acquisition as originally announced 14 October 2014 and modified by TPDC Back-in announced on 5 October 2015.
2. The Second Tranche Acquisition will now consist of Solo acquiring a further 3.825% of the KNDL from Aminex for a consideration of US$2,168,000.
3. The parties have agreed to enter into a formal sale and purchase agreement ("SPA") within 30 days.
4. Solo will pay US$500,000 on signature of the SPA and the balance on or before 30 April 2016, unless otherwise agreed between the parties.

On 4 April 2016, Solo had executed a Sale and Purchase Agreement ("SPA") for the acquisition of a 3.825% interest in Kiliwani North Development Licence ("KNDL") to Solo Oil plc ("Solo") for a total cash consideration of US$2.16 million.
Under the terms of the SPA Solo's interest will increase through three payment tranches to Aminex, linked to project milestone, for the total agreed cash consideration:

· Initial investment of US$566,802 for an additional 1% interest on signature of the SPA, increasing Solo's total interest from 6.175% to 7.175%

· A second investment of US$708,502 for a further 1.25% interest within 15 days of the first US dollar payment being received for gas from Kiliwani North-1 ("KN-1"). Solo's total interest will increase to 8.425%

· A third investment for the balance of US$892,712 for an additional and final 1.575% interest within 15 days of the commercial operations date being declared, taking Solo's total and final interest to 10%.

If any payment is missed then that payment option, and only that option, will be automatically cancelled. Payment of the second and third investments will require further funding from cash flow or otherwise to be arranged by Solo.

Following full payment of the consideration, Solo's interest will increase from its current 6.175% to a 10% interest in KNDL. As announced on 11 February 2016, the transaction represents the part exercise of its pre-existing option to acquire a further 6.175% interest. The remaining entitlement under the option agreement has now expired.

On 7 April 2016, Solo Oil plc announced that it had raised £800,000 gross proceeds through the issue of 320,000,000 new ordinary shares of 0.01 pence each in the Company ("Placing Shares") at a price of 0.25 pence per share (the "Placing") in a Company sponsored placement.

Corporate Information

DIRECTORS	Neil Ritson – Non Executive Chairman Don Strang – Executive Director Fergus Jenkins – Executive Director Sandy Barblett – Non Executive Director
COMPANY SECRETARY	Kiran Morzaria
REGISTERED OFFICE	Suite 3B, Princes House 38 Jermyn Street London SW1Y 6DN
NOMINATED ADVISOR AND JOINT BROKER	Beaumont Cornish Limited 2nd Floor, Bowman House, 29 Wilson Street London EC2M 2SJ
AUDITORS	Chapman Davis LLP 2 Chapel Court London SE1 1HH
PUBLIC RELATIONS	Bell Pottinger 5th Floor, Holborn Gate 330 High Holborn London WC1V 7QD
JOINT BROKER	Shore Capital Stockbrokers Limited Bond Street House 14 Clifford Street London W1S 4JU
SOLICITORS	Kerman and Co LLP 200 Strand London WC2R 1DJ
REGISTRARS	Share Registrars Limited Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey,