25 September 2018

San Leon Energy Plc
("San Leon", "SLE" or "the Company")
Interim Results

San Leon Energy, the AIM listed company focused on oil and gas development and appraisal in Africa, today announces its unaudited interim results for the six months ended 30 June 2018, and provides an update on its indirect interest in OML 18, a world-class oil and gas block onshore Nigeria, and other assets.

Highlights

Corporate

- US$77.3 million has been received to date in relation to the US$174.5 million Midwestern Leon Petroleum Limited ("MLPL") Loan Notes ("Loan Notes"). The Company is scheduled to continue to be repaid against the Loan Notes, whose balance is currently $157.8 million.
- The Company's cash position (€22.6 million at 30 June 2018) has been substantially strengthened over the period, enabling management to focus further on yielding value from its indirect interest in OML 18.
- The Company anticipates future cash flow from continued principal and interest repayments from the Loan Notes, income from the Master Services Agreement ("MSA"), dividends from the Company's initial indirect 9.72% economic interest in OML 18 (once Eroton is in a position to pay such dividends), and through the potential income or sale of the Company's 4.5% Net Profit Interest in the Barryroe oil field (offshore Ireland).
- The Company intends initially to return not less than $10 million to shareholders through a share buy-back programme (the "Programme"), once it has completed its capital reorganisation (expected to complete in October/November 2018).

Operational

An update on OML 18 activity during the first six months of 2018 is provided below.

- Workovers using cement packers have been performed on five wells, and are continuing. Gas lift has been installed in seven wells (with further wells to be added). Both activities are increasing production rates, and the gas lift installation is enabling the wells to restart production more rapidly after any production upset.
- Three of the five planned Lease Automatic Custody Transfer ("LACT") units are now operational in the field (on Alakiri, Krakama and Cawthorne-1 production areas), with units on Cawthorne-2 and Cawthorne-3 expected to be operational around the start of Q4.
- Eroton expects a drilling rig to arrive in OML 18 within the next month to drill the first new well of Eroton's operatorship, with others planned to follow. It expects the well to spud by early November, have a duration of approximately 60 days, and will be an infill well in the Akaso field.
- The Buguma field is still planned to be brought online by Eroton, and awaits permissions before the operational work is carried out.
- The proposed new dedicated export system for OML 18 (which is expected materially to reduce downtime and pipeline losses) is forecast by Eroton to be online during 2019.

Production has continued to be affected in the first half of 2018 by Nembe Creek Trunk Line ("NCTL") pipeline downtime and allocated pipeline losses (although the installation of the LACT units is expected to reduce these). In addition, there has been a decline of more than 4,000 bopd in production from the Awoba field (of which the OML 18 partners have a 50% equity share) over the 12 months to 30 June 2018. Average production before pipeline losses for the first six months of 2018 was 38,578 bopd (after downtime), or 46,086 bopd on a producing days basis. Average sales oil for the period was 26,003 bopd (after pipeline losses).

Current trouble-free production (including 50% of Awoba, and before pipeline losses) is approximately 49,000 bopd, with an expectation that it will increase as well activity ramps up in the coming months.

Financial

- Profit from continuing operations for the period ended 30 June 2018 was €3.8m (30 June 2017: loss of €5.2m)
- Cash and cash equivalents as at 30 June 2018 of €22.6m (30 June 2017: €0.3m)
- During 2018 to date US$37.7m (€31.1m) has been received in relation to payments due to San Leon under the US$174.5m Loan Notes
- All loans provided to San Leon have been fully settled.

Chief Executive Officer of San Leon, Oisin Fanning, commented:

"With the Company on an increasingly sound financial footing, with substantial cash in hand, I am pleased to see the effects of Eroton's well work coming through. As that activity continues and is joined by new well drilling, I look forward to updating shareholders on OML 18's performance. With the installation of LACT units, and the expected new OML 18 export system, Eroton expects a steady improvement in downtime and allocated losses, which would translate into increased sales volumes. I look to the Company's future with increased confidence."

Market Abuse Regulation (MAR) Disclosure
Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

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Chairman's Statement

It is very pleasing to see the progress being made to increase OML 18's gross production (despite the Awoba field's decline), as well as addressing export downtime and allocated pipeline losses. The Company has previously documented the operational and financial challenges being tackled by Eroton as operator of OML 18.

The continued receipt of Loan Notes payments, now totaling US$77.3 million, is also worthy of note. With US$157.8 million of outstanding principal and interest, and interest continuing to accrue on this balance, I consider San Leon to be in good financial health.

We considerably strengthened our board during the period and I am delighted to formally welcome Linda Beal and Bill Higgs as non-executive directors of the Company, bringing with them considerable relevant experience. Cantor Fitzgerald Europe ("Cantor Fitzgerald") was appointed as the Company's Nominated Adviser, financial adviser and joint broker in April 2018.
Having spent much of 2017 in a formal offer period, San Leon confirmed in January 2018 that such offer talks had ceased.

In November 2017, San Leon had received a letter from Midwestern Oil and Gas Company Limited ("Midwestern") with an indicative proposal that included San Leon acquiring Midwestern's 60% shareholding in MLPL (the "Proposal"). San Leon holds the remaining 40% of MLPL. Since the Proposal could have resulted in a transaction being characterised as a "reverse takeover", the Company's shares were temporarily suspended. In late April 2018, the Company announced that its board had elected not to accept Midwestern's proposal and the Company's shares recommenced trading.

Financial Review

During 2017 and 2018 to date, San Leon has received US$77.3 million representing four quarterly Loan Note payments which have been applied in satisfaction of principal and accrued interest on the Loan Notes. This has enabled the Company to settle, both during and after the reporting period, outstanding loans and is now debt free. Cash and cash equivalents as at 30 June 2018 were €22.6 million, (30 June 2017: €0.3 million,).

The Company has been informed by Midwestern Leon Petroleum Limited ("MLPL"), that the quarterly Loan Notes repayment to San Leon which is due on or before 1 October 2018, is now expected to be made during October 2018.

San Leon generated a profit after tax from continuing operations of €3.8 million, for the 6 months to 30 June 2018 compared with a loss after tax of €5.2 million, in the 6 months to 30 June 2017.

Revenue for the six months to 30 June 2018 was €0.1 million, compared with €0.1 million, for the 6 months to 30 June 2017.

Loss on equity investments for the 6 months to 30 June 2018 was €8.0 million, (30 June 2017: loss of €3.5 million,). This loss relates to San Leon's equity investment in MLPL. MLPL has a 100% equity investment in Martwestern Energy, which in turn has a 50% equity investment in Eroton, the operator and holder of the Company's indirect interest in OML 18, Nigeria. The share of loss on equity accounted investments comprises administrative costs of €0.6 million, net finance costs of €1.9 million, loss on investment of €4.3 million and a tax charge of €1.2 million. This loss reflects the operational challenges encountered by OML 18 (as described elsewhere) along with the financing arrangements which enabled the Company to acquire its indirect interest. This share of loss on equity accounted investments needs to be viewed in the context of the Loan Notes which enabled the acquisition of the indirect interest in OML 18 and generated finance income on the Loan Notes during the period of €16.1 million.

Administrative costs increased to €7.1 million, for the 6 months to 30 June 2018 (30 June 2017: €3.9 million,). The 2017 administrative costs benefited from a €1.0 million, foreign exchange gain with higher legal and consultancy fees and depreciation in 2018.

Finance expense of €0.6 million, for the 6 months to 30 June 2018 (30 June 2017: €2.6 million,) relates to interest expense and fees for loan facility arrangements.

Finance income of €16.2 million, (30 June 2017: €16.5 million,) is substantially interest income on the US$174.5 million, Loan Notes. The Loan Notes which are denominated in US$ also benefited from a strengthening dollar against the Euro in 2018 leading to a foreign exchange gain of €3.0 million, (30 June 2017: a loss of €11.3 million,).

Tax credit for the 6 months to 30 June 2018 is €0.1 million, (30 June 2017: €0.5 million, tax credit).

The Company's Irish counsel is progressing a capital reorganisation which is required to enable the Company to return capital to its shareholders. This is expected to complete in October/November 2018. On completion of the capital reorganisation, the Company intends initially to return not less than $10 million to shareholders through a share buy-back Programme. The Programme is subject to market conditions and compliance with all applicable laws and regulations.

Further to previous announcements regarding the November 2016 sale of the Company's 35% interest in TSH Energy Joint Venture BV ("TSH"), the owner of the Rawicz gas field in Poland, the Company was due to receive on 1 September 2018 a final payment of approximately $3.9 million from NSP Investments Holdings Ltd ("NSP"), a BVI registered company that holds a 35% interest in TSH. That payment was not received and the Company and NSP are in discussions regarding new potential payment terms which, if agreed, will be announced to the market. San Leon holds a pledge on NSP's 35% shareholding interest in TSH as security for payment.

In May 2018 SunTrust Oil made various claims against the Company regarding the 2016 OML 18 transaction. The Company, having taken legal advice, strongly believes any such claims to have no basis, and will vigorously defend its position.

The Interim Report and Accounts are available on the Company's website at www.sanleonenergy.com and will be posted to shareholders.

Outlook

The Company is now in a strong financial position, with the benefit of an expected future income stream including the Loan Notes repayments. The Company continues to believe in its world class Nigerian interests, as cash flows from San Leon's indirect equity interest in OML 18, and from its service offering under the MSA, are expected in due course when production and OML 18 financing issues are addressed (as described in our full year results for 2017). Our strategy is to deliver value to shareholders as we mature our interests in Nigeria and, as previously announced, we continue to exit from our non-core assets. I look forward to updating shareholders as OML 18 progress continues.

San Leon Energy plc

Consolidated income statement
for the six months ended 30 June 2018

	Notes	**Unaudited 6 months ended 30/06/18 €'000**	Unaudited 6 months ended 30/06/17 €'000	Audited Year ended 31/12/17 €'000
Continuing operations				
Revenue		**107**	71	324
Cost of sales		**(56)**	(32)	(146)
Gross profit		**51**	39	178
Recycling of currency translation reserve on disposal of subsidiaries		**-**	-	28
Share of loss of equity accounted investments	7	**(7,978)**	(3,519)	(7,079)
Administrative expenses		**(7,066)**	(3,886)	(16,952)
Impairment / write off of exploration and evaluation assets	6	**-**	-	(42,783)
Impairment of assets held for sale		**-**	-	(3,136)
Decommissioning of wells	16	**-**	-	235
Arbitration award	16	**-**	(968)	(1,948)
Other income	2	**-**	-	95
Impairment of financial assets		**-**	-	(3,171)
Provision for bank guarantee		**-**	-	(1,167)
Provision for other debtors		**-**	-	(5,276)
Loss from operating activities		**(14,993)**	(8,334)	(80,976)
Finance expense	3	**(556)**	(2,594)	(6,576)
Finance income	4	**151**	-	506
Foreign exchange gain / (loss) – OML 18 Production Arrangement	5	**3,009**	(11,320)	(18,901)
Finance income – OML 18 Production Arrangement	5	**16,081**	16,520	34,619
Profit / (loss) before income tax		**3,692**	(5,728)	(71,328)
Income tax		**122**	486	(2,199)
Profit / (loss) from continuing operations		**3,814**	(5,242)	(73,527)
Profit / (loss) per share (cent) – continuing operations				
Basic profit / (loss) per share		0.76	(1.2)	(16.18)
Diluted profit / (loss) per share		0.76	(1.2)	(16.15)

Consolidated statement of other comprehensive income
for the six months ended 30 June 2018

	Notes	**Unaudited 30/06/18 €'000**	Unaudited 30/06/17 €'000	Audited 31/12/17 €'000
Profit / (loss) for the period		**3,814**	(5,242)	(73,527)
Items that may be reclassified subsequently to the income statement				
Foreign currency translation differences – subsidiaries		**663**	(997)	(627)
Foreign currency translation differences – joint venture	7	**1,546**	(5,679)	(9,007)
Recycling of currency translation reserve on disposal of subsidiaries		**-**	-	(28)
Fair value movements in financial assets	9	**1,220**	(3,717)	(5,896)
Deferred tax on fair value movements in financial assets		**(403)**	1,222	1,989
Total comprehensive profit / (loss) for the period		**6,840**	(14,413)	(87,096)

Consolidated statement of changes in equity
for the period ended 30 June 2018

Unaudited 30 June 2018	Share capital reserve €'000	Share premium reserve €'000	Currency translation reserve €'000	Share based payment reserve €'000	Shares to be issued reserve €'000	Fair value reserve €'000	Retained earnings €'000	Attributable to equity holders in Group €'000
Balance at 1 January 2018	**131,529**	**418,049**	**(9,622)**	**16,152**	**2,081**	**110**	**(332,958)**	**225,341**
Total comprehensive income for period								
Profit for the period	–	–	–	–	–	–	3,814	3,814
Other comprehensive income								
Foreign currency translation differences – subsidiaries	–	–	663	–	–	–	–	663
Foreign currency translation differences – joint venture (Note 7)	–	–	1,546	–	–	–	–	1,546
Fair value movements in financial assets	–	–	–	–	–	1,220	–	1,220
Deferred tax on fair value movements in financial assets	–	–	–	–	–	(403)	–	(403)
Total comprehensive income for period	–	–	2,209	–	–	817	3,814	6,840
Transactions with owners recognised directly in equity								
Contributions by and distributions to owners								
Share based payment	–	–	–	154	407	–	–	561
Total transactions with owners	–	–	–	154	407	–	–	561
Balance at 30 June 2018	**131,529**	**418,049**	**(7,413)**	**16,306**	**2,488**	**927**	**(329,144)**	**232,742**

Consolidated statement of changes in equity
for the period ended 30 June 2018

Unaudited 30 June 2017	Share capital reserve €'000	Share premium reserve €'000	Currency translation reserve €'000	Share based payment reserve €'000	Shares to be issued reserve €'000	Fair value reserve €'000	Retained earnings €'000	Attributable to equity holders in Group €'000
Balance at 1 January 2017	130,957	401,503	40	19,424	1,269	4,017	(263,273)	293,937
Total comprehensive income for period								
Loss for the period	–	–	–	–	–	–	(5,242)	(5,242)
Other comprehensive income								
Foreign currency translation differences – subsidiaries	–	–	(997)	–	–	–	–	(997)
Foreign currency translation differences – joint venture (Note 7)	–	–	(5,679)	–	–	–	–	(5,679)
Fair value movements in financial assets	–	–	–	–	-	(3,717)	–	(3,717)
Deferred tax on fair value movements in financial assets	–	–	–	–	-	1,222	–	1,222
Total comprehensive income for period	–	–	(6,676)	–	-	(2,495)	(5,242)	(14,413)
Transactions with owners recognised directly in equity								
Contributions by and distributions to owners								
Issue of shares for cash	132	4,538	–	(1,905)	–	–	1,905	4,670
Share based payment	–	–	–	–	409	–	–	409
Total transactions with owners	132	4,538	–	(1,905)	409	–	1,905	5,079
Balance at 30 June 2017	131,089	406,041	(6,636)	17,519	1,678	1,522	(266,610)	284,603

Consolidated statement of changes in equity
for the period ended 30 June 2018

Audited 31 December 2017	Share capital reserve €'000	Share premium reserve €'000	Currency translation reserve €'000	Share based payment reserve €'000	Shares to be issued reserve €'000	Fair value reserve €'000	Retained earnings €'000	Attributable to equity holders in Group €'000
Balance at 1 January 2017	130,957	401,503	40	19,424	1,269	4,017	(263,273)	293,937
Total comprehensive income for year								
Loss for the year	–	–	–	–	–	–	(73,527)	(73,527)
Other comprehensive income								
Foreign currency translation differences – subsidiaries	–	–	(627)	–	–	–	–	(627)
Foreign currency translation differences – joint venture (Note 7)	–	–	(9,007)	–	–	–	–	(9,007)
Recycling of currency translation reserve on disposal of subsidiaries	–	–	(28)	–	–	–	–	(28)
Fair value movements in financial assets	–	–	–	–	–	(5,896)	–	(5,896)
Deferred tax on fair value movements in financial assets	–	–	–	–	–	1,989	–	1,989
Total comprehensive income for year	–	–	(9,662)	–	–	(3,907)	(73,527)	(87,096)
Transactions with owners recognised directly in equity								
Contributions by and distributions to owners								
Issue of shares for cash	439	12,008	–	–	–	–	–	12,447
Issue of shares – debt for equity	63	2,217	–	–	–	–	–	2,280
Effect of share options exercised	70	2,321	–	(1,906)	–	–	1,906	2,391
Share based payment	–	–	–	570	812	–	–	1,382
Effect of share options cancelled	–	–	–	(1,936)	–	–	1,936	–
Total transactions with owners	572	16,546	–	(3,272)	812	–	3,842	18,500
Balance at 31 December 2017	**131,529**	**418,049**	**(9,622)**	**16,152**	**2,081**	**110**	**(332,958)**	**225,341**

Consolidated statement of financial position

as at 30 June 2018

	Notes	**Unaudited 30/06/18 €'000**	Unaudited 30/06/17 €'000	Audited 31/12/17 €'000
Assets				
Non-current assets				
Intangible assets	6	**2,594**	44,704	2,501
Equity accounted investments	7	**51,864**	65,184	58,296
Property, plant and equipment	8	**1,971**	3,118	2,398
Financial assets	9	**108,739**	140,280	117,901
Other non-current assets		**180**	257	180
		165,348	253,543	181,276
Current assets				
Inventory		**214**	264	282
Trade and other receivables	10	**4,455**	10,818	4,347
Other financial assets	11	**-**	1,227	-
Financial assets	9	**60,385**	57,174	61,785
Cash and cash equivalents	12	**22,577**	283	8,131
Assets classified as held for sale	13	**-**	2,641	-
		87,631	72,407	74,545
Total assets		**252,979**	325,950	255,821
Equity and liabilities				
Equity				
Called up share capital	17	**131,529**	131,089	131,529
Share premium account	17	**418,049**	406,041	418,049
Share based payments reserve		**16,306**	17,519	16,152
Shares to be issued reserve		**2,488**	1,678	2,081
Currency translation reserve		**(7,413)**	(6,636)	(9,622)
Fair value reserve		**927**	1,522	110
Retained earnings		**(329,144)**	(266,610)	(332,958)
Total equity		**232,742**	284,603	225,341
Non-current liabilities				
Provisions	16	**-**	1,280	-
Derivative		**426**	360	426
Deferred tax liabilities		**7,816**	5,624	7,538
		8,242	7,264	7,964
Current liabilities				
Trade and other payables	14	**7,874**	8,702	15,807
Loans and borrowings	15	**1,600**	5,955	4,146
Provisions	16	**1,521**	18,426	1,563
Liabilities classified as held for sale	13	**1,000**	1,000	1,000
		11,995	34,083	22,516
Total liabilities		**20,237**	41,347	30,480
Total equity and liabilities		**252,979**	325,950	255,821

Consolidated statement of cash flows
for the six months ended 30 June 2018

	Notes	**Unaudited 6 months ended 30/06/18 €'000**	Unaudited 6 months ended 30/06/17 €'000	Audited Year ended 31/12/17 €'000
Cash flows from operating activities				
Profit / (loss) for the period – continuing operations		**3,814**	(5,242)	(73,527)
Adjustments for:				
Depletion and depreciation	8	**414**	194	782
Finance expense	3	**556**	2,594	6,576
Finance income	5	**(16,232)**	(16,520)	(35,125)
Foreign exchange (gain) / loss – OML 18 Production Arrangement		**(3,009)**	11,320	18,901
Share based payments charge		**561**	409	1,382
Foreign exchange		**361**	(1,609)	(1,540)
Income tax		**(122)**	(486)	2,199
Impairment of exploration and evaluation assets – continuing operations		-	-	42,783
Impairment of financial assets		-	-	3,171
Impairment of assets held for sale		-	-	3,136
Provision for bank guarantee		-	-	1,167
Provision for other debtors		-	-	5,276
Other income		-	-	(95)
Arbitration award	16	**-**	968	1,948
Decommissioning costs	16	**-**	-	(235)
Decrease / (increase) in inventory		**68**	(11)	(29)
Decrease/ (increase) in trade and other receivables		**42**	673	2,365
(Decrease) / increase in trade and other payables		**(6,686)**	(2,308)	3,188
Movement in other non-current assets		**-**	-	77
Share of loss of equity accounted investments	7	**7,978**	3,519	7,079
Tax paid		**1**	-	(4)
Net cash outflow in operating activities		**(12,254)**	(6,499)	(10,525)
Cash flows from investing activities				
Expenditure on exploration and evaluation assets	6	**(93)**	(4)	(485)
Arbitration payment	16	**-**	(4,976)	(23,906)
Purchases of property, plant and equipment	8	**21**	(9)	144
Expenditure on held for sale asset		**-**	-	(583)
Proceeds on sale of held for sale assets	2	**-**	-	95
OML 18 Production Arrangement Loan Notes	9	**30,872**	11,341	34,277
Proceeds of financial investments and investment income	9	**-**	31	31
Net cash inflow from investing activities		**30,800**	6,383	9,573
Cash flows from financing activities				
Proceeds from issue of shares		**-**	4,670	14,840
Proceeds from drawdown of other loans		**-**	3,788	20,228
Repayment of other loans		**(2,569)**	(3,743)	(19,455)
Dissenting shareholder payment	16	**(42)**	(1,864)	(1,716)
Movement in Director loan	14	**(1,252)**	(287)	1,321
Interest and investment income received	4	**-**	-	9
Interest and arrangement fees paid		**(556)**	(2,378)	(6,405)
Net cash (outflow) / inflow from financing activities		**(4,419)**	186	8,822
Net increase in cash and cash equivalents		**14,127**	70	7,870
Effect of foreign exchange fluctuation on cash and cash equivalents		**319**	36	84
Cash and cash equivalents at start of period		**8,131**	177	177
Cash and cash equivalents at end of period	12	**22,577**	283	8,131

Notes to the Interim Consolidated Financial Statements
for the six months ended 30 June 2018

1. Basis of preparation and accounting policies

The Group interim financial information has been prepared in accordance with International Financial Reporting Standards and the accounting policies adopted are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 December 2017. The interim financial information was approved by the Board of Directors on 24 September 2018.

The interim consolidated financial statements do not constitute statutory financial statements and therefore do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2017 which are available on the Group's website www.sanleonenergy.com.

The interim consolidated financial statements are presented in Euro ("€").

2. Other income

	Unaudited 6 months ended 30/06/18 €'000	Unaudited 6 months ended 30/06/17 €'000	Audited Year ended 31/12/17 €'000
Advance from Horizon Petroleum Limited (i)	**-**	-	95

(i) Further to a Memorandum of Understanding (MoU) dated 25 April 2017 with a third party, and subject to a Sale and Purchase Agreement, which had yet to be agreed at the time for the potential sale of certain Polish assets, the Company received an advance of €178,779 (US$200,000) during June 2017 which was used to meet various payments in relation to the Polish assets, of which €94,868 (US$100,000) is non-refundable in the event that the subsequently signed Sale and Purchase Agreement is not concluded. The refundable amount has been accrued at period end.

3. Finance expense

	Unaudited 6 months ended 30/06/18 €'000	Unaudited 6 months ended 30/06/17 €'000	Audited Year ended 31/12/17 €'000
On loans and overdraft	**130**	1,355	4,162
Finance arrangement expenses	**426**	1,136	2,243
Fair value charge on issue of warrants	**-**	103	171
	556	2,594	6,576

4. Finance income

	Unaudited 6 months ended 30/06/18 €'000	Unaudited 6 months ended 30/06/17 €'000	Audited Year ended 31/12/17 €'000
Deposit interest received	**-**	-	9
Interest and fees receivable from NSP Investment Holdings Limited (Note 10)	**151**	-	497
	151	-	506

5. OML 18 Production Arrangement

	Unaudited 6 months ended 30/06/18 €'000	Unaudited 6 months ended 30/06/17 €'000	Audited Year ended 31/12/17 €'000
Foreign exchange gain / (loss) on Loan Notes (Note 9)	**3,009**	(11,320)	(18,901)
Interest income on Loan Notes (Note 9)	**16,081**	16,520	34,619
	19,090	5,200	15,718

6. Intangible assets

Exploration and evaluation assets

	Unaudited 30/06/18 €'000
Cost and net book value	
At 1 January 2017	44,621
Additions	485
Write off/impairment of exploration assets	(42,783)
Currency translation adjustment	178
At 31 December 2017	**2,501**
Additions	93
At 30 June 2018	**2,594**

An analysis of exploration assets by geographical area is set out below:

	Unaudited 30/06/18 €'000	Unaudited 30/06/17 €'000	Audited 31/12/17 €'000
Poland	**-**	7,276	-
Morocco	**-**	29,018	-
Albania	**2,594**	8,410	2,501
Total	**2,594**	44,704	2,501

The Directors have considered the carrying value at 30 June 2018 of capitalised costs in respect of its exploration and evaluation assets. These assets have been assessed for impairment indicators and in particular with regard to remaining licence terms, likelihood of licence renewal, likelihood of further expenditures and on-going appraisals for each area, as described in the Operating Review. Based on internal assessments, the Directors have impaired the exploration and evaluation assets by €42.8 million in the year ended 31 December 2017 and are satisfied that there are no further impairment indicators. The Directors recognise that future realisation of the remaining oil and gas interests is dependent on future successful exploration and appraisal activities and subsequent production of oil and gas reserves.

7. Equity accounted investments

Midwestern Leon Petroleum Limited

	Unaudited 30/06/18 €'000	Unaudited 30/06/17 €'000	Audited 31/12/17 €'000
Opening balance	**58,296**	74,382	74,382
Share of loss of equity accounted investments	**(7,978)**	(3,519)	(7,079)
Exchange rate adjustment	**1,546**	(5,679)	(9,007)
Closing balance	**51,864**	65,184	58,296

8. Property, plant and equipment

	Plant & equipment €'000	Office equipment €'000	Motor vehicles €'000	Total €'000
Cost				
At 1 January 2017	7,893	1,055	392	9,340
Disposals	(98)	(22)	(24)	(144)
Currency translation adjustment	289	12	15	316
At 31 December 2017	8,084	1,045	383	9,512
Exchange rate adjustment	(240)	(16)	(14)	(270)
At 30 June 2018	**7,844**	**1,029**	**369**	**9,242**
At 30 June 2017	8,120	1,070	406	9,596
Depreciation				
At 1 January 2017	4,678	1,008	375	6,061
Disposals	-	-	(14)	(14)
Charge for the year	775	7	-	782
Currency translation adjustment	261	10	14	285
At 31 December 2017	5,714	1,025	375	7,114
Exchange rate adjustment	(231)	(14)	(12)	(257)
Charge for the period	412	1	1	414
At 30 June 2018	**5,895**	**1,012**	**364**	**7,271**
At 30 June 2017	5,047	1,037	394	6,478
Net book values				
At 30 June 2018	**1,949**	**17**	**5**	**1,971**
At 30 June 2017	3,073	33	12	3,118
At 31 December 2017	2,370	20	8	2,398

9. Financial assets

	OML 18 Production Arrangement (i) €'000	Barryroe 4.5% net profit interest (ii) €'000	Quoted shares (iii) €'000	Unquoted shares (iv) €'000	Total €'000
Cost					
At 1 January 2017	153,384	48,517	82	5,360	207,343
Finance income	34,619	-	-	-	34,619
Loan Notes receipts	(34,277)	-	-	-	(34,277)
Disposals	-	-	(31)	-	(31)
Exchange rate adjustment	(18,901)	-	-	-	(18,901)
Fair value movement	-	(5,874)	(22)	-	(5,896)
Impairment of unquoted shares	-	-	-	(3,171)	(3,171)
At 31 December 2017	134,825	42,643	29	2,189	179,686
Finance income	16,081	-	-	-	16,081
Loan Notes receipts	(30,872)	-	-	-	(30,872)
Exchange rate adjustment	3,009	-	-	-	3,009
Fair value movement	-	1,225	(5)	-	1,220
At 30 June 2018	**123,043**	**43,868**	**24**	**2,189**	**169,124**
Current	**60,385**	**-**	**-**	**-**	**60,385**
Non-current	**62,658**	**43,868**	**24**	**2,189**	**108,739**
At 30 June 2017	147,243	44,813	38	5,360	197,454
Current	57,174	-	-	-	57,174
Non-current	90,069	44,813	38	5,360	140,280
At 31 December 2017	134,825	42,643	29	2,189	179,686
Current	61,785	-	-	-	61,785
Non-current	73,040	42,643	29	2,189	117,901

(i) OML 18 Production Arrangement
The Company secured an initial 9.72% indirect economic interest in the OML 18 Production Arrangement, onshore Nigeria for a total consideration of €169 million (US$188.4 million).

In 2016, the Company undertook a number of steps to effect the purchase of its interest in the OML 18 Production Arrangement. Midwestern Leon Petroleum Limited ("MLPL"), a company incorporated in Mauritius of which San Leon Nigeria B.V. has a 40% shareholding, was established as a special purpose vehicle to complete the transaction by purchasing all of the shares in Martwestern Energy Limited (Martwestern), a company incorporated in Nigeria. Martwestern holds a 50% shareholding in Eroton Exploration and Production Company Limited (Eroton), a company incorporated in Nigeria and the operator of the OML 18.

To partly fund the purchase of 100% of the shares of Martwestern, MLPL borrowed €156.6 million (US$174.5 million) in incremental amounts by issuing Loan Notes under a Loan Notes instrument which attracts a coupon of 17 per cent. Midwestern Oil and Gas Company Limited is the 60% shareholder of MLPL and transferred its shares in Martwestern to MLPL as part of the full transaction. Following its Placing in September 2016, San Leon Energy plc purchased all of the outstanding Loan Notes issued of €103.7 million (US$115.5 million) and subscribed for further €52.9 million (US$58.9 million) of newly issued Loan Notes and is therefore the beneficiary and holder of all Loan Notes issued by MLPL. San Leon is due to be repaid the full €156.6 million (US$174.5 million) plus the 17% coupon once certain conditions have been met and using an agreed distribution mechanism. San Leon is also a beneficiary of any dividends that will be paid by MLPL as a 40% shareholder in MLPL, but the Loan Notes repayments must take priority over any dividend payments made to the MLPL shareholders.

Through its 50% shareholding in Eroton and other financial agreements, Martwestern holds an initial indirect 24.3% economic interest in the OML 18 Production Arrangement. Through the ownership of MLPL and other commercial agreements, San Leon is an indirect shareholder of Eroton, and the Company holds a 9.72% initial indirect economic interest in OML 18.

The key information relevant to the fair value of the Loan Notes is as follows:

Valuation technique	Significant unobservable inputs	Inter-relationships between the unobservable inputs and fair value measurement
Discounted cash flows	– Discount rate 25% based on a market rate of interest of 8% above the coupon rate of 17% – MLPL profitability i.e. ability to generate cash flows for repayment – Loan Notes are repayable in full by 31 March 2020.	The estimated fair value would increase / (decrease) if: – US Dollar exchange rate increased / (decreased)

The recoverability of the Group and Company's equity and Loan Notes investments in the MLPL arrangement is dependent on the ability of the OML 18 operator, Eroton, to make distributions. The Nigerian National Petroleum Corporation ("NNPC") has made substantial repayments to Eroton for 2015 and 2016 joint venture cash call arrears. However, significant outstanding arrears still remain unpaid, which if received would provide capital for further investment in OML 18. NNPC has been paying the large proportion of its 2017 and 2018 cash calls to date. Eroton needs to meet certain conditions before its lenders will allow Eroton to make distributions to its shareholders. These distributions need to be made to enable MLPL to repay interest and principal to San Leon. At the reporting date and at the date of approval of their financial statements these conditions have not been met by Eroton. As a consequence MLPL had to enter into a loan during 2017 and subsequently in order to be able to meet its obligations under the Loan Notes and make payments to San Leon. In 2017 San Leon received total payments under the Loan Notes totalling €34.3 million (US$39.6 million). All payments during 2017 were received by the due date and in accordance with the terms of the Loan Notes.

During 2018 San Leon received total payments under the Loan Notes totalling €30.9 million (US$37.0 million). The payments received during 2018 represent interest and principal on the Loan Notes repaid. The Directors of San Leon have considered the carrying amounts of the Loan Notes and equity interest at 30 June 2018 and are satisfied that these are appropriate.

(ii) Barryroe – 4.5% Net Profit Interest (NPI)

The Directors have estimated the fair value of the NPI by reference to a third party evaluation report of contingent resources and cash flows prepared Netherland Sewell & Associates Inc. (NSAI) in July 2013 for Providence Resources Plc ("Providence").

NSAI reported that the Basal Wealden oil reservoir has an estimated 2C in-place gross on-block volume of 761 MMBO with recoverable resources of 266 MMBO and 187 BCF of associated gas, based on a 35% oil recovery factor. In July 2013, NSAI also provided an estimate of the cash flows attributable to Providence's net interest from the Basal Wealden oil reservoir only.

The Company benchmarked project costs in 2013 with respect to opex and capex, and has used those estimates together with public information from Providence Resources and revised development plans as they become available, to refine its valuation model.

As San Leon is not the operator of this licence, the Group does not have the ability to commission an independent technical evaluation of the licence area. Therefore, the Directors believe that the NSAI report, when coupled with other information recently released by Providence and adapted for certain changes in the market, gives the basis for the best estimate of fair value at period end.

San Leon notes the 2018 farm-out announcement by Providence and has considered it in its approach to risking value to the Company. In previous years the Company has used a 10% discount rate within its economic model, while taking a conservative approach on the assumed oil price in order to reflect project risk. Due to the marked increase in oil price by the end of 2017, the Company has instead increased the discount rate applied to 15% to reflect its view of project risk, while adopting an oil price assumption which reflects the market.

(iii) Amedeo Resources plc

During 2017, the Company sold 100,000 ordinary shares in Amedeo Resources plc for cash consideration of €30,998. At 30 June 2018, the Company held 213,512 ordinary shares with a market value of €23,977 (2017: €28,548)

(iv) Ardilaun Energy Limited
As part of the consideration for the sale of Island Oil & Gas Limited to Ardilaun Energy Limited ("Ardilaun") in 2014. Ardilaun agreed to issue shares equivalent to 15% of the issued share capital of Ardilaun. The original fair value of the 15% interest in Ardilaun was based on a market transaction in Ardilaun shares. The Directors have considered the carrying value of this interest at 31 December 2017 and are satisfied that the carrying value continues to be appropriate in the absence of further market data.

10. Trade and other receivables

	Unaudited 30/06/18 €'000	Unaudited 30/06/17 €'000	Audited 31/12/17 €'000
Amounts falling due within one year:			
Trade receivables from joint operating partners	**-**	41	219
VAT and other taxes refundable	**235**	1,071	160
Other debtors (i)	**4,028**	7,647	3,778
Prepayments and accrued income	**192**	2,059	190
	4,455	10,818	4,347

(i) Other debtors includes €3.2 million (US$3.8 million) due from NSP Investment Holdings Limited for the disposal of equity accounted investments in 2016.

11. Other financial assets

	Unaudited 30/06/18 €'000	Unaudited 30/06/17 €'000	Audited 31/12/17 €'000
Restricted cash at bank	**-**	1,227	-

Restricted cash at bank at 30 June 2017 comprises a deposit account held in support of bank guarantees required under the Moroccan exploration licence, Zag, held by the Group.

In April 2017, the Company announced that the Office National des Hydrocarbures et des Mines ("ONHYM") had written to the Company regarding the non-performance of the work programme on its Zag Licence, onshore Morocco. ONHYM has assumed control of the existing bank guarantee (listed above as restricted cash), and has requested a penalty of the same amount again to be paid. The Zag licence is in a geographical area which the Company believes justifies a declaration of Force Majeure due to the regional security situation. San Leon, in order to be prudent, has fully provided for the loss of monies (held in support of the bank guarantee) in the 2017 accounts. The Company is in negotiations with ONHYM regarding the licence including the work programme, the Force Majeure status and the recoverability of the bank guarantee and appropriateness of the penalty.

12. Cash and cash equivalents

	Unaudited 30/06/18 €'000	Unaudited 30/06/17 €'000	Audited 31/12/17 €'000
Cash and cash equivalents	**22,577**	283	6,474
Solicitor client account (i)	**-**	-	1,657
	22,577	283	8,131

(i) Solicitor client account at 31 December 2017 includes monies held at David M. Turner & Company Solicitors.

13. Held for sale assets and liabilities

In 2016 efforts to sell, relinquish, or farm-out most of the Company's assets in Poland commenced as part of the strategic realignment and focus on Nigeria. This process is substantially underway and sale and purchase agreements were concluded in the second half of 2017 with regard to the held for sale assets, following which various formalities and approvals will have to be concluded, in particular with governmental authorities, before completion.

The assets and liabilities that are up for sale in Poland are as follows:

	Unaudited 30/06/18 €'000	Unaudited 30/06/17 €'000	Audited 31/12/17 €'000
Assets			
Exploration and evaluation assets	**-**	2,641	-
Liabilities			
Decommissioning provision	**1,000**	1,000	1,000

In 2018, due to the protracted nature of approval from the Polish authorities, and in light of the fact the authorities initially indicated that based on information at that time approval would not be given, the Directors concluded that it was prudent to fully write off the Polish assets held for sale at 31 December 2017.

However, the Directors are confident that governmental approval will be obtained in due course following the provision of further information to the Polish authorities, and the amount due to the company will be collected.

The held for sale exploration and evaluation assets at 31 December 2016 were €2.6 million. Further costs were incurred on these assets in 2017 of €0.5 million. During 2017 the held for sale exploration and evaluation assets were impaired by €3,135,621, in order to reduce their carrying value to fair value less costs to sell with the recoverable amount considered to be nil.

Further costs were incurred on these assets in 2018 of €0.2 million.

A liability of €1.0 million for decommissioning costs on the held for sale exploration and evaluation assets is maintained.

There are no other material income or expenses related to the held for sale assets.

14. Trade and other payables

	Unaudited 30/06/18 €'000	Unaudited 30/06/17 €'000	Audited 31/12/17 €'000
Current			
Trade payables	**3,685**	5,283	6,505
PAYE / PRSI	**155**	365	348
Other creditors	**1,922**	1,332	2,426
Accruals	**1,696**	1,662	4,859
Director's Loan	**416**	60	1,669
	7,874	8,702	15,807

Payments totalling €3.8m included in trade and other payables have been made since the reporting date.

15. Loans and borrowings

	Unaudited 30/06/18 €'000	Unaudited 30/06/17 €'000	Audited 31/12/17 €'000
Current			
YA Global Masters SPV Limited (i)	**1,600**	2,467	2,707
21st Luxury Luxtech Fund Ltd	**-**	3,104	-
Other	**-**	384	1,439
	1,600	5,955	4,146

(i) The loan payable to YA Global Masters SPV Limited was settled after the reporting period.

16. Provisions

	Decommissioning €'000	Arbitration €'000	Other €'000	Total €'000
Cost				
At 1 January 2017	1,756	21,958	1,864	25,578
Increase/(decrease) in provision during the year	(235)	1,948	-	1,713
Paid during the year	-	(23,906)	(1,716)	(25,622)
Exchange rate adjustment	-	-	(106)	(106)
At 31 December 2017	1,521	-	42	1,563
Paid during the period	-	-	(42)	(42)
At 30 June 2018	**1,521**	**-**	**-**	**1,521**
Current	**1,521**	**-**	**-**	**1,521**
Non-current	**-**	**-**	**-**	**-**
At 30 June 2017	4,291	20,561	1,425	26,277
Current	415	-	1,425	1,840
Non-current	3,876	20,561	-	24,437
At 31 December 2017	1,521	-	42	1,563
Current	1,521	-	42	1,563
Non-current	-	-	-	-

Decommissioning
The provision for decommissioning costs is recorded at the value of the expenditures expected to be required to settle the Group's future obligations on decommissioning of previously drilled wells.

Arbitration
On 7 November 2016, Avobone N.V. and Avobone Poland B.V. ("Avobone") (together, "Avobone") and the Company settled a number of ongoing disputes between them and between Avobone and certain of San Leon's subsidiaries, including Aurelian Oil & Gas Limited, Aurelian Oil & Gas Poland Sp. z.o.o, Energia Zachod Holdings Sp. z.o.o and AOG Finance Limited, in Poland, Netherlands, Ireland, England & Wales in respect of various matters including a final award in an ICC arbitration dated 21 May 2015. The arbitration award was in relation to the purchase by Aurelian Oil & Gas Limited, San Leon's subsidiary, of Avobone's 10% shares in Energia Zachod Sp z.o.o – the titleholder of the Sierkierki asset.

The total settlement amount outstanding at 31 December 2016 was €20.6 million with interest accruing at a rate of 5% per annum until paid.

A total of €23.9 million was paid to Avobone during 2017 (inclusive of extension fees incurred arising from a delay in payments when due, interest, and further legal costs) representing a full discharge of amounts owed.

Other
Certain Realm Energy International Corporation shareholders exercised rights of dissent under Canadian law not to accept the terms of acquisition in 2011. Under Canadian law, these dissenting shareholders are eligible to receive a cash payment equal to the fair value of their shareholding at acquisition. The provision represents the Directors' estimate of the cash consideration to be paid to those shareholders taking account of the market price of the Realm shares at acquisition.

In Q2 2018 the amount provided at 31 December 2017 was fully paid in cash to the shareholders.

17. Share capital

	Number of New Ordinary shares €0.01 each	Number of Deferred Ordinary shares €0.0001 each 'm	Authorised equity '000
Authorised equity			
At 1 January 2017	15,500,000,000	1,265,259	155,000
At 31December 2016	15,500,000,000	1,265,259	155,000
At 30 June 2018	**15,500,000,000**	**1,265,259**	**155,000**

	Number of New Ordinary shares €0.01 each	Number of Deferred Ordinary shares €0.0001 each 'm	Share capital €'000	Share premium €'000
Issued called up and fully paid:				
At 1 January 2017	443,025,720	1,265,259	130,957	401,503
Issue of shares for cash	43,976,232	-	439	12,008
Issue of shares – debt for equity	6,254,905	-	63	2,217
Exercise of share options	7,000,000	-	70	2,321
At 31 December 2017	**500,256,857**	**1,265,259**	**131,529**	**418,049**
At 30 June 2018	**500,256,857**	**1,265,259**	**131,529**	**418,049**
At 30 June 2017	456,280,625	1,265,259	131,089	406,041

On 16 January 2017, the Company issued and allotted 3,000,000 New Ordinary Shares of €0.01 each to Robin Management Services and 4,000,000 New Ordinary Shares to DSA Investments Inc. in respect of options exercised relating to the OML 18 Production Agreement. The options were exercised at a price of £0.30 per share.

On 21 June 2017, the Company issued 6,254,905 New Ordinary Shares of €0.01 each to YA II PN Ltd (formerly known as YA Global Master SPV Ltd), an investment fund managed by Yorkville Advisors Global LP ("Yorkville"), pursuant to a SEDA-Backed Loan Agreement, as amended ("SEDA"), which SEDA was entered into and initially announced on 18 April 2013. San Leon and Yorkville have agreed to vary the SEDA as follows (the "Settlement"). Under the Settlement, San Leon issued the shares in the Company to Yorkville at a price per share of £0.32 for a reduction in debt of €2,279,432.

On 19 December 2017, the Company issued 43,976,232 New Ordinary Shares of €0.01 each to Toscafund Asset Management LLP, Toscafund GP Limited and related entities in order to repay amounts drawndown by San Leon pursuant to a convertible loan facility of €12,447,982 (£11,000,000). The conversion price per New Ordinary Share was £0.25 each.