JERSEY OIL AND GAS PLC

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

JERSEY OIL AND GAS PLC

CONTENTS OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

Highlights:

- Post period end, the fully carried 20/05b-13 (Verbier) well was drilled safely, on time and within budget by Statoil (U.K.) Limited ("Statoil"), encountering water bearing reservoir
- On 17 September 2017, the decision was taken by the joint venture partners to sidetrack the well to test a potentially smaller up-dip hydrocarbon accumulation, the presence of which cannot be ruled out given the evaluation of wireline log data acquired in the main wellbore
- Operations commenced on the sidetrack well, 20/05b-13z, on the 17 September 2017 and are expected to take 25-35 days to complete
- In light of the 10% cash carry by CIECO V&C (UK) Limited ("CIECO") on the 20/05b-13z well, JOG's net cost for the 20/05b-13z well is estimated to be approximately £0.7million
- The Company received income from its partner CIECO in relation to the carry arrangement in place on the P.2170 licence
- Cash at period end of c.£1.45m, which is estimated to increase to approximately £1.8m taking into account net funds due from the Company's carry arrangements
- The Company continues to pursue its core strategy of acquiring oil & gas production assets in the UK Continental Shelf ("UKCS") region of the North Sea, having reviewed and evaluated in excess of 50 production field interests in the UKCS
- Global oil prices appear to be holding above the $50/bbl level since the beginning of September 2017, providing increased clarity for a production focused acquisition strategy

CHAIRMAN'S STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2017

During the first six months of the year we actively pursued our dual strategy of developing our existing license interests while seeking to acquire North Sea production assets. Our share price performance was dominated by hopes relating to the summer drilling of the Verbier exploration well (Licence P.2170, Blocks 20/5b & 21/1d, "Verbier"). As announced earlier this month, the primary well was regretably not successful and consequently our share price fell very significantly. Nonetheless, the well did enable further interpretative work to be undertaken, as a result of which the operator recommended that a sidetrack well be undertaken which is currently being drilled. We await the outcome of this with much interest.

Regardless of its outcome, our participation in the drilling of the Verbier well and sidetrack benefits from certain carry arrangements with our partners such that even in a dry hole case, the impact on our cash resources is positive. This is a good example of management's ability to create a credible drilling opportunity for shareholders in a financially innovative way.

We remain highly focused on seeking to acquire North Sea oil and gas production assets, on which a large amount of time and resource has been spent during the period, and continues to be deployed currently.

Against a backdrop of a far less volatile Brent crude oil price, we have been able to engage with a number of parties in connection with the acquisition element of our strategy. However, whilst our approach continues to be a disciplined and analytical one, we are still seeing some unrealistic price expectations and conditions being demanded by sellers of certain North Sea production assets. Nonetheless, over time, we believe suitable assets will become available at actionable prices and on realistic terms.

Our cash reserves at 30 June 2017 were approximately £1.45m, and we currently expect our available cash resources to increase to approximately £1.8m post completion of the Verbier sidetrack well, once the beneficial effects of our carry arrangements work through.

We continue to maintain a strong control on our costs.

I thank all of our shareholders for their valuable support and patience and look forward to consummating, in due course, one of the many potential transactions on which we are currently working.

Marcus Stanton
Non-Executive Chairman

28 September 2017

JOG's Strategy

At the time of publication, the drilling of a Verbier sidetrack is underway to test whether hydrocarbon-bearing sands exist up dip from the initial target. Irrespective of the results, which we eagerly anticipate, I take this opportunity to remind shareholders of our strategy which was communicated when we combined with Trap Oil in August 2015. We clearly set out a two-pronged strategy which was, on the one hand, to manage the enlarged group's legacy portfolio of exploration assets and, on the other hand, to pursue a production-focused acquisition strategy, seeking to utilise the corporate tax loss position built up by Trap Oil of some £25m. During the period since the combination, we have raised a total of £2.4m gross from both new and existing shareholders, including management. Post completion of the Verbier drilling campaign, we currently expect to have a cash position of approximately £1.8m. Over the course of the past two years, we have, *inter alia*, exposed our shareholders to a terrific exploration opportunity, including the drilling of a high profile exploration well, endorsed by Statoil (U.K.) Limited ("Statoil"), achieving what we believe to be the only promoted farm-out of an exploration asset in the UKCS region of the North Sea in over three years. We have also very actively pursued our production-focused acquisition strategy and our capabilities in this regard have advanced considerably during this time. We have thoroughly evaluated, both technically and commercially, over 50 production field interests in the North Sea, thereby building our knowledge-base and we remain single-mindedly focused on identifying and securing successful transactions to grow the group's business, for the benefit of shareholders.

Operations

A key focus for JOG during the first half of 2017 was the buildup of operations on the P.2170 licence area with respect to the Verbier exploration well programme, led by Statoil. Following our successful farm-out to Statoil last year, JOG retained an 18% interest in this licence. In April 2017, we were pleased to announce the signing, by Statoil, of a contract for use of the the Transocean Spitsbergen rig. This set in motion detailed plans for drilling of the Verbier exploration well, which commenced post the financial period end in August 2017.

JOG also furthered its technical understanding of the two drill-ready prospects on the licence, Verbier and Cortina, and in March 2017 we announced the findings of an independent Competent Person's Report ("CPR") conducted by ERC Equipoise Limited, which ascribed prospective resources and risks for these prospects. We were pleased with the outcome of this independent study as it reported an upgrade on our previous management estimates, with mean prospective resources of 162MMbbls ascribed to Verbier with a chance of success of 29%, and 124MMbbls ascribed to Cortina with a chance of success of 19%.

Unfortunately, although the well was ontime and within budget, after 29 days of drilling on the Verbier exploration well, JOG was disappointed to announce that the well had failed to find any commercial hydrocarbons. The well encountered water-bearing Upper Jurassic sands, deeper than anticipated. This geological result was indeed a surprise to the P.2170 joint venture partnership. The wireline log data from the well, together with the pressure samples and seismic data, were subsequently evaluated by the joint venture partnership, led by the operator, Statoil, and it was concluded that potential for hydrocarbons to be present in an accumulation up dip of the 20/05b-13 Verbier exploration well could not be ruled out. The joint venture partnership has therefore identified the potential for late Jurassic sands, similar to the water-bearing sands encountered in the 20/05b-13 well, to be present within the hydrocarbon window up dip of the original well location, offering the possibility of a potentially lesser, but still commercially attractive, hydrocarbon accumulation. Accordingly, JOG was pleased to support the operator's recommendation to undertake the drilling of a sidetrack exploration well which is currently under way. The results of the Verbier work programme will be fully analysed by the joint venture partnership to understand the implications for Cortina which remains an independent and prospective Upper Jurassic target.

The 20/05b-13 exploration well was drilled with ultimately no cost exposure to JOG, given the innovative double carry arrangement that we negotiated with our partners. With the sidetrack exploration well now under way, we continue to benefit from a 10% cash carry receivable from CIECO for this well. We therefore estimate the net cost liability to JOG to be £0.7m for our 18% interest in the sidetrack.

Potential Acquisitions

During the reporting period, JOG was involved in several live sales processes of production assets. Whilst this did not ultimately lead to any acquisitions being completed or announced, the team's knowledge base was usefully enhanced which will be of value to the Company going forward. Our technical team, which includes geological, geophysical, reservoir and facilities engineering skill sets, as well as our commercial team which includes in-house legal counsel and finance, each with significant experience in the North Sea, provides us with a solid platform from which to grow this side of the business. However, we have learned that deals of the nature we are pursuing take time to consumate and multiple issues, many deal-specific, have to be negotiated in tandem with vendors. Two challenges we have consistently encountered are abandonment liabilities and joint venture partner approval. With many late-life producing fields, the cost of decommissioning the facilities once production ceases, outweighs the future expected cashflow from the field. Negotiating with vendors for them to retain this liability has been historically problematic, however deal precedents have now been set and I am pleased to observe that many vendors will now accept retention of such liabilities. Joint venture partner approval does remain problematic, however with the OGA supporting ownership change, particularly if it leads to delivering on their MER (Maximum Economic Recovery) strategy, we are hopeful that such approvals will be less challenging going forward.

Several large-scale North Sea divestments have been announced by industry participants in recent months. Such divestments provide a great deal of encouragement that a new wave of deal activity is beginning in the UKCS. The Company continues to be involved in multiple sales processes, and the Board remains confident that the management team's experience, knowledge and expertise, and in particular the foundations and processes established over the course of the past couple of years, put the Company in a strong position to ultimately deliver shareholder value from its stated production acquisition strategy.

Other Licence activities

In early 2016, JOG sold its interest in licence P.1989, which contains the Partridge prospect, to Azinor Catalyst Limited ("Azinor") in return for a contingent financial interest, subject to a discovery, of up to US$4m. During August 2017, Azinor announced that drilling had begun on its Partridge prospect. While the well encountered excellent quality reservoir rocks, hydrocarbons were not present and it has now been plugged and abandoned. Accordingly, no contingent payments will be received by the Company from Azinor.

Financial review

As in recent previous financial periods, the Company continues to operate without any direct revenue from oil or gas production. In this reporting period however, we did begin to receive income relating to the carry we have in place with CIECO on the P.2170 licence.

Our Cost of Sales remain small as they relate to the limited ongoing work on our remaining licence interest, P.2170, where we have incurred expenditure which is not recoverable from our partners. This included proprietary technical studies that JOG commissioned to further our geological understanding of the Verbier prospect, which resulted in JOG commissioning an independent competent person's report by ERC Equipoise Limited, the results of which were announced in March 2017.

The Company has always been focused on controlling administration costs and tries to keep these to a minimum. These costs have increased year on year as we expanded our cost base slightly following the farm-out of licence P.2170 and in the lead up to drilling. We also incurred increased advisory costs relating to potential asset acquisitions pursued during the period.

Overall, the group incurred a loss of approximately £0.63m for the period and our tightly managed cash balance stood at approximately £1.45m at the end of June 2017.

Looking Forward

With drilling now underway on the 20/05b-13Z sidetrack exploration well, JOG looks forward to the prospect of potentially finding oil up dip from the water bearing sands encountered, in the initial Verbier well. With the sidetrack well expected to take 25 to 35 days to complete, its result is expected during October 2017.

Following a brief dip at the beginning of summer, oil prices are now showing good support above US$50/bbl. We are confident that our ongoing production-focused strategy remains appropriate to seek to deliver strong shareholder returns. We continue to engender good support both in the debt and equity markets, should we find a suitable asset or portfolio of assets to acquire.

I would like to thank our shareholders for their ongoing support. JOG has a strong vision for growth across the North Sea and with such support, I remain confident that we can achieve our stated objectives.

Andrew Benitz
Chief Executive Officer

28 September 2017

JERSEY OIL AND GAS PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Notes	6 months to 30/06/17 (unaudited) £	6 months to 30/06/16 (unaudited) £	Year to 31/12/16 (audited) £
CONTINUING OPERATIONS				
Revenue		-	-	-
Cost of sales		(9,634)	(12,290)	(4,950)
GROSS LOSS		(9,634)	(12,290)	(4,950)
Other income	6	140,156	126,582	214,110
Gains on disposal of assets		-	-	239,724
Administrative expenses		(757,578)	(326,281)	(1,244,393)
OPERATING LOSS		(627,056)	(211,989)	(795,509)
Finance costs		-	-	-
Finance income		77	1,152	2,070
LOSS BEFORE TAX		(626,979)	(210,837)	(793,439)
Tax	7	-	-	-
LOSS FOR THE PERIOD		(626,979)	(210,837)	(793,439)
OTHER COMPREHENSIVE INCOME		-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(626,979)	(210,837)	(793,439)
Total comprehensive loss attributable to:				
Owners of the parent		(626,979)	(210,837)	(793,439)
Loss per share expressed in pence per share:	8			
Basic		(6.35)	(4.31)	(9.28)
Diluted		(6.35)	(4.31)	(9.28)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

JERSEY OIL AND GAS PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Notes	30/06/17 (unaudited) £	30/06/16 (unaudited) £	31/12/16 (audited) £
NON-CURRENT ASSETS				
Intangible assets - Exploration costs	9	128,689	183,199	48,363
Property, plant & equipment	10	-	2,714	372
		128,689	185,913	48,735
CURRENT ASSETS				
Trade and other receivables		103,408	50,309	122,872
Cash and cash equivalents	11	1,452,902	582,154	1,882,310
		1,556,310	632,463	2,005,182
TOTAL ASSETS		1,684,999	818,376	2,053,917
EQUITY				
SHAREHOLDERS' EQUITY				
Called up share capital		2,347,308	2,331,767	2,347,017
Share premium account		71,200,336	69,569,978	71,170,230
Share options reserve		1,282,645	1,381,133	1,495,921
Accumulated losses		(73,494,084)	(72,181,357)	(72,763,959)
Reorganisation reserve		-	(382,543)	(382,543)
TOTAL EQUITY		1,336,205	718,978	1,866,666
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables < 1 year		348,794	99,398	187,251
TOTAL LIABILITIES		348,794	99,398	187,251
TOTAL EQUITY AND LIABILITIES		1,684,999	818,376	2,053,917

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Called up share capital £	Share premium account £	Share options reserve £	Accumulated Losses £	Re-organisation reserve £	Total equity £
At 1 January 2016	2,331,767	69,569,978	1,381,133	(71,970,520)	(382,543)	929,815
Loss for the period and total comprehensive income	-	-	-	(210,837)	-	(210,837)
At 30 June 2016	2,331,767	69,569,978	1,381,133	(72,181,357)	(382,543)	718,978
At 1 January 2017	2,347,017	71,170,230	1,495,921	(72,763,959)	(382,543)	1,866,666
Loss for the period and total comprehensive income	-	-	-	(626,979)	-	(626,979)
Reclassification of Re-organisation reserve	-	-	-	(382,543)	382,543	-
Issue of share capital	291	30,106	-	-	-	30,397
Share based payments	-	-	66,121	-	-	66,121
Lapsed share options	-	-	(279,397)	279,397	-	-
At 30 June 2017	2,347,308	71,200,336	1,282,645	(73,494,084)	-	1,336,205

The following describes the nature and purpose of each reserve within owners' equity:

Reserve	**Description and purpose**
Called up share capital	Represents the nominal value of shares issued
Share premium account	Amount subscribed for share capital in excess of nominal value
Share options reserve	Represents the accumulated balance of share based payment charges recognised in respect of share options granted by the Company less transfers to retained deficit in respect of options exercised or cancelled/lapsed
Accumulated losses	Cumulative losses recognised in the Consolidated Statement of Comprehensive Income
Reorganisation reserve	Amounts resulting from the restructuring of the Group

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

JERSEY OIL AND GAS PLC

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Notes	6 months to 30/06/17 (unaudited) £	6 months to 30/06/16 (unaudited) £	Year to 31/12/16 (audited) £
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash used in operations	11	(379,556)	(331,105)	(927,144)
Net interest received		77	1,152	2,070
Interest paid		-	-	-
Net cash used in operating activities		(379,479)	(329,953)	(925,074)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of intangible assets		(80,326)	(53,680)	(85,993)
Proceeds on sale of intangible fixed assets		-	102,877	414,966
Net cash (used in)/generated from investing activities		(80,326)	49,197	328,973
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from share issue		30,397	-	1,615,501
Net cash generated from financing activities		30,397	-	1,615,501
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(429,408)	(280,756)	1,019,400
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	11	1,882,310	862,910	862,910
CASH AND CASH EQUIVALENTS AT END OF PERIOD	11	1,452,902	582,154	1,882,310

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

1. GENERAL INFORMATION

Jersey Oil and Gas plc (the “Company”) and its subsidiaries (together, “the Group”) are involved in the upstream oil and gas business in the U.K.

The Company is a public limited company, which is quoted on AIM, a market operated by London Stock Exchange plc and incorporated and domiciled in the United Kingdom. The address of its registered office is 10 The Triangle, ng2 Business Park, Nottingham, NG2 1AE.

2. BASIS OF PREPARATION

These consolidated interim financial statements have been prepared under the historic cost convention, using the accounting policies that will be applied in the Group’s statutory financial information for the year ended 31 December 2017 and in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority (previously the Financial Services Authority) and with IAS 34 ‘Interim financial reporting’. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with IFRS as adopted by the European Union.

The Company is expected to have sufficient resources to cover the expected running costs of the business for a period of 12 months after the issue of these interim financial statements. This is after taking into account the carry from Statoil and the anticipated cash receivable from CIECO in relation to our carry from them on the P.2170 (Verbier) well drilling and the side-track, which is ongoing at the time of writing, and based on the current anticipated well costs. It is expected that in a dry hole case for the sidetrack our cash reserves will more than exceed the estimated liabilities of the Company. Should the side-track of the well be successful as we hope, further studies and well activity will then be required and the Company will seek to approve budgets with our partners and raise additional finance in order to cover this eventuality and its share of the expected additional costs. Whilst there can be no certainty of the success of any fund raising, the Directors believe the successful well result in this scenario would position the Company favourably in order to source additional capital. Based on these circumstances, the Directors have considered it appropriate to adopt the going concern basis of accounting in preparing the consolidated interim financial statements.

The reports for the six months ended 30 June 2017 and 30 June 2016 are unaudited and do not constitute statutory accounts as defined by the Companies Act 2006. The financial statements for 31 December 2016 have been prepared and delivered to the Registrar of Companies did not draw attention by way of emphasis of matter and did not contain a statement under section 498 of the Companies Act 2006.

Under IFRS 11, the Group will continue to proportionately account for its share of assets, liabilities, revenue and expenses in its joint operations.

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial period beginning on or after 1 January 2017 that would be expected to have a material impact on the Group.

The Group’s results are not impacted by seasonality.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted are consistent with those applied in the previous financial year.

Revenue recognition
Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. It is measured at the fair value of consideration received or receivable for the sale of goods.

Revenue from strategic partners on the identification of opportunities, application for a licence to explore further or as a result of having farm-ed into an asset and provided the Group with a carry is recognised in the period in which the services are provided, costs incurred or the date a trigger event occurs if this is later.

Exploration and evaluation costs
The Group accounts for oil and gas exploration and evaluation costs using IFRS 6 “Exploration for and Evaluation of Mineral Resources”. Such costs are initially capitalised as Intangible Assets and include payments to acquire the legal right to explore, together with the directly related costs of technical services and studies, seismic acquisition, exploratory drilling and testing.

Exploration costs are not amortised prior to the conclusion of appraisal activities.

Exploration costs included in Intangible Assets relating to exploration licences and prospects are carried forward until the existence (or otherwise) of commercial reserves has been determined subject to certain limitations including review for indications of impairment on an individual license basis. If commercial reserves are discovered, the carrying value, after any impairment loss of the relevant assets, is then reclassified as Property, plant and equipment under Production interests and fields under development. If, however, commercial reserves are not found, the capitalised costs are charged to the Consolidated Statement of Comprehensive Income. If there are indications of impairment prior to the conclusion of exploration activities, an impairment test is carried out.

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3. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

Joint operations
The Group participates in joint venture agreements with strategic partners, where revenue is derived from annual retainers and success fees in a combination of cash and carried interests. The Group accounts for its share of assets, liabilities, income and expenditure of these joint venture agreements and discloses the details in the appropriate Statement of Financial Position and Statement of Comprehensive Income headings in the proportion that relates to the Group per the joint venture agreement.

Financial instruments
Financial assets and financial liabilities are recognised in the Group's Statement of Financial Position when the Group becomes party to the contractual provisions of the instrument. The Group does not have any derivative financial instruments.

Cash and cash equivalents include cash in hand and deposits held on call with banks with a maturity of three months or less.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for doubtful debts. A provision for doubtful debts is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the recoverability of the trade receivable is doubtful. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss will be recognised in the Consolidated Statement of Comprehensive Income within administrative expenses. Subsequent recoveries of amounts previously provided for are credited against administrative expenses in the Consolidated Statement of Comprehensive Income.

Trade payables are stated initially at fair value and subsequently measured at amortised cost.

Loan notes are stated initially at fair value and subsequently measured at amortised cost of the investment as agreed in the loan instrument.

Share Based Payments
Equity settled share based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

The fair value determined at the grant date of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity settled employee benefits reserve.

Equity settled share based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Exercise proceeds net of directly attributable costs are credited to share capital and share premium.

4. **SEGMENTAL REPORTING**

The Directors consider that the Group operates in a single segment, that of oil and gas exploration, appraisal, development and production, in a single geographical location, the North Sea of the United Kingdom and do not consider it appropriate to disaggregate data further from that disclosed.

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5. FAIR VALUE OF NON-DERIVATIVE FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Maturity analysis of financial assets and liabilities

Financial Assets

	30/06/17	30/06/16	31/12/16
	£	£	£
Up to 3 months	103,408	50,309	122,872
3 to 6 months	-	-	-
Over 6 months	-	-	-
	103,408	50,309	122,872

Financial Liabilities

	30/06/17	30/06/16	31/12/16
	£	£	£
Up to 3 months	348,794	99,398	187,251
3 to 6 months	-	-	-
Over 6 months	-	-	-
	348,794	99,398	187,251

Fair value estimation

Below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

6. OTHER INCOME

	30/06/17	30/06/16	31/12/16
	£	£	£
Refund of JV well costs	-	89,202	89,202
Well insurance refund	-	37,380	37,380
Carried costs reimbursement	140,156	-	87,528
	140,156	126,582	214,110

7. TAX

Jersey Oil and Gas plc is a trading company but no liability to UK corporation tax arose on the ordinary activities for the period ended 30 June 2017. As at 31 December 2016, Trap Oil Ltd, a wholly owned subsidiary, had Ring Fenced Corporation Tax losses of approximately £21.6m and Non-Ring Fenced Corporation Tax losses of approximately £1.8m. Trap Oil Ltd also had approximately £5.7m of losses available to offset future Supplementary Charge profit.

8. EARNINGS/(LOSS) PER SHARE

Basic loss per share is calculated by dividing the losses attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted loss per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares.

	Earnings attributable to ordinary shareholders	Weighted average number of shares	Per share amount
	£		Pence
Period ended 30 June 2017			
Basic & Diluted EPS			
Loss attributable to ordinary shareholders	(626,979)	9,867,144	(6.35)

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9. INTANGIBLE ASSETS

	Exploration Costs £
COST	
At 1 January 2017	16,446,426
Disposals	(16,222,821)
Additions	80,326
At 30 June 2017	303,931
ACCUMULATED AMORTISATION	
At 1 January 2017	16,398,063
Amortisation on disposals	(16,222,821)
At 30 June 2017	175,242
NET BOOK VALUE at 30 June 2017	128,689

10. PROPERTY, PLANT & EQUIPMENT

	Computer & office equipment £
COST	
At 1 January 2017	286,022
Disposals	(160,236)
At 30 June 2017	125,786
ACCUMULATED AMORTISATION, DEPLETION & DEPRECIATION	
At 1 January 2017	285,650
Depreciation on disposals	(160,236)
Charge for period	372
At 30 June 2017	125,786
NET BOOK VALUE at 30 June 2017	-

11. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

RECONCILIATION OF (LOSS)/PROFIT BEFORE TAX TO CASH (USED IN)/GENERATED FROM OPERATIONS

	30/06/17 (unaudited) £	30/06/16 (unaudited) £	31/12/16 (audited) £
Loss for the period before tax	(626,979)	(210,837)	(793,439)
Adjusted for:			
Amortisation, impairments, depletion and depreciation	372	(91,732)	5,393
Gain on disposal assets	-	-	(239,724)
Share based payments (net)	66,121	-	114,788
Finance income	(77)	(1,152)	(2,070)
	(560,563)	(303,721)	(915,052)
Decrease in inventories	-	-	-
Decrease in trade and other receivables	19,464	177,409	104,846
Increase/(Decrease) in trade and other payables	161,543	(204,793)	(116,938)
Cash used in operations	(379,556)	(331,105)	(927,144)

continued...

11. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS - continued

CASH AND CASH EQUIVALENTS

The amounts disclosed in the consolidated statement of cash flows in respect of cash and cash equivalents are in respect of these consolidated statement of financial position amounts:

Period ended 30 June 2017

	30/06/17	30/06/16	31/12/16
	£	£	£
Cash and cash equivalents	1,452,902	582,154	1,882,310
	1,452,902	582,154	1,882,310

12. COMMITMENTS AND GUARANTEES

In 2014, the Group assigned its lease of 35 King Street to a third party, although the Group is still acting as Authorised Guarantor for all liabilities of the assignee in relation to the lease agreement, which terminates on 30 October 2018.

Jersey Oil and Gas E&P Ltd. (a wholly owned subsidiary of Jersey Oil and Gas plc) sub leases office space in Jersey on a rolling quarterly basis with no cancellation penalty. The office address is Howard House, 9 The Esplanade, St Helier, Jersey, Channel Islands, JE2 3QA.

13. CONTINGENT LIABILITIES

In 2015, the settlement agreement reached with our partners in the Athena Consortium, means that, although Trap Oil Limited remains a Licensee in the joint venture, any past or future liabilities in respect of its interest can only be paid from the revenue that the Athena Oil Field generates and 60 per cent. of net disposal proceeds or net profits from the P.2170 and P.1989 licences which were the only remaining assets held by the Group at the time of the agreement with the consortium partners who hold security over these assets. Any future repayments, capped at the unpaid liability associated with the Athena Oil Field, cannot be calculated with any certainty, and any remaining liability still in existence once the Athena Oil Field has been decommissioned will be written off. A payment was made in 2016 to the Athena Consortium in line with this agreement following the farm-out of P.2170 (Verbier) to Statoil and the subsequent receipt of monies relating to that farm-out.

14 CONTINGENT ASSET

The P.1989 licence (“Partridge”) was farmed out in 2016 to Azinor Catalyst Limited (“Azinor”) and as such it has no value in the Company’s accounts. A well was drilled post the period end by Azinor which was announced in September 2017 to be dry. As such, the Company does not expect any further value to be generated from this Contingent Asset.

15. RELATED PARTIES

During the period, Jersey Oil and Gas plc made loans available to its wholly owned subsidiaries. The balances outstanding at the end of the period are Trap Oil Ltd £68,483,066 (2016: £68,412,220) and Jersey Oil & Gas E&P Ltd £591,130 (2016: £296,085) which are included in Trade and Other Receivables. At the end of the period, Jersey Oil and Gas plc owed Predator Oil Ltd £211,676 (2016: £211,676) which are included in Trade and Other Payables, as Amounts owed by Group undertakings. During the period, the Company also made sales to Trap Oil Ltd amounting to £279,369 (2016: £220,067).

16. POST BALANCE SHEET EVENTS

In September 2017, it was announced that the Verbier exploration well had been unsuccessful. The drilling of a Verbier sidetrack exploration well is now underway to test whether hydrocarbon-bearing sands exist up dip from the initial target.

17. AVAILABILITY OF THE INTERIM REPORT 2017

A copy of these results will be made available for inspection at the Company’s registered office during normal business hours on any weekday. The Company’s registered office is at 10 The Triangle, ng2 Business Park, Nottingham, NG2 1AE. A copy can also be downloaded from the Company’s website at www.jerseyoilandgas.com. Jersey Oil and Gas plc is registered in England and Wales with registration number 7503957.