Annual Report and Financial Statements 2019

TomCo Energy plc

For further information visit us online at:
www.tomcoenergy.com or email us at: info@tomcoenergy.com

COMPANY DETAILS

TOMCO ENERGY PLC

Company Numbers
Isle of Man 6969V
England & Wales FC022829

Country of Incorporation Isle of Man

Board of Directors
Stephen West *Non-Executive Chairman*
John Potter *Chief Executive Officer*
Alexander Benger *Non-Executive Director*
Malcolm Groat *Non-Executive Director*

Registered Office
2nd Floor
Sixty Circular Road
Douglas
Isle of Man IM1 1AE

Broker
Turner Pope Investments (TPI) Ltd
6th Floor, Becket House
Old Jewry
London EC2R 8DD

Nominated Adviser
Strand Hanson Limited
26 Mount Row
London
W1K 3SQ

Registrars
Computershare Investor Services plc
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ

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CHAIRMAN'S STATEMENT

I am pleased to be delivering my first Chairman's Statement to the shareholders of TomCo Energy plc ("TomCo" or the "Company" or, with its subsidiaries, the "Group"), together with the Annual Report and Financial Statements for the year ended 30 September 2019.

Market Conditions

During the year we saw a marked improvement in market conditions for global capital markets and the oil and gas industry. However, at the time of writing this statement we have witnessed the unforeseen emergence of the COVID-19 virus, which has had a dramatic effect on the global capital markets and, for the foreseeable future, this will have an impact on all industries including the oil and gas industry.

TurboShale RF Technology

With the completion of the field test of TurboShale's RF technology in September 2019 ("Field Test") on the Group's Holliday A Block, the Group progressed its assessment of its unconventional oil shale resources in Utah.

The lessons learnt from the Field Test and the expansion of the Group's advisory team, including IGES Inc. as the Groups Geological Services advisor, Matt Himes as the Groups Field Operations adviser, and the close support of Continental Electronics, meant the Field Test delivered significant data. Unfortunately, the main aim of the Field Test to recover enough oil for testing was not met, though sufficient evidence was generated to show the process did heat the oil shale. The analysis completed post the Field Test, with Continental Electronics, has determined the design improvements needed to the antenna and how these improvements can be implemented. However, with the global effects of the COVID-19 virus still developing, the Company has taken the decision to postpone the next test of TurboShale's RF technology. The Company will continue to explore its potential with laboratory-based testing until a further field test can, subject to funding, be planned and undertaken.

Valkor Oil Sands Opportunity

In December 2019, the Company signed a non-binding memorandum of understanding ("MoU") with Valkor Technology LLC ("Valkor") to explore the oil sands potential across the Group's oil shale leases within the Uintah Basin, Utah, USA ("Leases"). Valkor is an international engineering, procurement, construction and installation and field operations company, with operations in the US, South America and Africa both on and offshore and the owner and operator of gas and oil fields in Trinidad, USA, Turkey and Ukraine. Through their subsidiary, Valkor Energy Services, they have assisted with the design improvements of Petroteq Energy Inc's ("Petroteq") closed loop system for use in the recovery of oil from oil sands (the "Oil Sands Technology") and has a licence from Petroteq to utilise the Oil Sands Technology in the USA.

Based on the results of the preliminary work undertaken to date in accordance with the MoU, TomCo entered into a exclusivity agreement with Valkor on 19 March 2020, pursuant to which the Company and Valkor have agreed, *inter alia,* to study the potential to deploy the Oil Sands Technology at a suitable location and to jointly fund a Pre-FEED study. The Pre-FEED study will be undertaken by Valkor and be verified by a third party, to demonstrate the economic viability of the Oil Sands Technology, with a gross budget of US$250,000 to be funded equally by the parties. Should the results of the Pre-FEED study be sufficiently favourable, the Company anticipates entering into a binding agreement with Valkor to establish a JV company by the end of June 2020, with TomCo and Valkor each holding a 50% equity interest, to pursue the development of a plant using the Oil Sands Technology on land yet to be determined.

Under normal circumstances, it would be expected that the Pre-FEED study would take approximately four weeks to complete. However, with the effects of the COVID-19 virus still unfolding and the resultant travel restrictions, it is likely the study will take longer.

Corporate

TomCo witnessed a busy year in terms of corporate activity. Four equity fundraises were completed during the year, raising, in aggregate, £1.7 million (gross), with an additional £0.9 million (gross) raised post year end in December 2019.

Following the fundraise in December, as at 26 March 2020, the Company had cash of approximately £745,000 and the Directors believe that based on its cash flow forecasts, the Company has sufficient funds for its present requirements through to the end of March 2021. If the Company seeks to advance the RF technology or undertake further work in respect of the oil sands over and above the Pre-FEED study, the Company will need to raise further funds.

Further, post the year end Andrew Jones stepped down as Executive Chairman to pursue other opportunities and I was pleased to step into the role of Non-Executive Chairman. On behalf of the Board, I would like to thank Andrew for his hard work as Executive Chairman over the last five years and the integral role he played in the development of the Company and wish him all the best with his future endeavours.

Outlook and Summary

As already outlined, the general sector backdrop has entered an unprecedented challenge due to the impact of the COVID-19 virus on global capital markets. Where possible, we will seek to reduce costs in every aspect of the business whilst ensuring we operate as efficiently and effectively as possible.

We would like to thank all shareholders for their continued support and look forward to providing positive updates throughout 2020 and into 2021.

Stephen West
Non-Executive Chairman
26 March 2020

DIRECTORS' REPORT

The Directors submit their report and the financial statements of the Group for the year ended 30 September 2019.

PRINCIPAL ACTIVITY
The principal activity of the Group is that of deploying technology on its oil shale leases and other unconventional oil resources for future production.

RISK ASSESSMENT
The Group's oil and gas activities are subject to a range of financial and operational risks which can significantly impact on its performance, with the key risks for the year ended 30 September 2019 set out below.

Operational risk

SRK Consulting (Australasia) Pty Ltd undertook an independent resource assessment in relation to the Group's oil shale leases ML 49570 and ML 49571 (the "Leases") in 2019. This assessment showed a best estimate Contingent Resources (2C) of, in aggregate, 131.3 MM bbl of oil assessed under Petroleum Resources Management System ("PRMS") guidelines, plus a best estimate Prospective Resource (2U) of, in aggregate, 442.8 MM bbl oil across the Leases. This estimate included the Holliday A Block, where the Field Test took place, with 2C Contingent Resources of 57.3 MM bbl of oil and 2U Prospective Resources of 84.7 MM bbl of oil using in situ recovery methods aligned to TurboShale RF technologies which continues to be under development.

In March 2017, TomCo incorporated a new US company, TurboShale Inc. ("TurboShale"), and entered into agreements with JR Technologies LLC ("JRT") to seek to advance the radio frequency ("RF") technology used in the BART Programme. TurboShale acquired the rights from JRT over patent US7891421B Method and Apparatus for In-Situ Radiofrequency Heating (US Application 62/017/408), and patent application US2015/035433A1 Subsurface Multiple Antenna Radiation Technology (SMART), which are the two key patents relating to TurboShale's RF technology and process. The patent application was granted in full in January 2019.

The completion of the Field Test identified a number of changes required to be made to TurboShale's RF technology to ensure its safe operation and to successfully complete the objective of recovery of oil from the Company's Holliday A Block. The Company is further evaluating the technology during 2020 before starting to plan the next field test.

The Directors have identified the following main risks in relation to the Field Test and TurboShale's RF technology:

- Notwithstanding the successful outcome of the BART Programme, the Company is seeking to demonstrate that TurboShale's RF technology can be used to recover oil and gas on an economic basis with the ultimate goal of moving towards commercial production of the Company's oil shale assets. The Field Test, completed in 2019, represents an important step in this process. The primary objective of the Field Test was the recovery of oil from the Company's Holliday A Block through the application of TurboShale's RF technology. Notwithstanding the Board's confidence in TurboShale's RF technology proving successful, we have yet to prove it on our asset. Accordingly, there can be no certainty that the technology will be successful and/or recover any oil. Even if it does recover oil, it may not recover sufficient volumes to be able to complete the necessary analysis and/or such analysis may determine that the process is not commercial or scalable.
- The Group has been advancing the development of TurboShale's RF technology and has made a significant investment in acquiring specialised equipment, including radio frequency transmitters. Further changes to the system have been identified and before further funding is deployed, testing these changes together with further analysis of the system will be carried out. The cost of this analysis has yet to be determined and may require the Company to raise further funding to allow the work to be carried out.
- This RF process does not use surface mining and instead works in situ, through the use of Radio Frequency Antennas located within drilled boreholes. The Field Test has been completed using exploration permits that have a minimal cost and time in securing. To expand the operations into a commercial operation, a Small Mining Operating permit ("SMO") will be required.

Risks relating to environmental, health and safety and other regulatory standards

The Group's future extraction activities are subject to various federal and state laws and regulations relating to the protection of the environment including the obtaining of appropriate permits and approvals by relevant environmental authorities. Such regulations typically cover a wide variety of matters including, without limitation, prevention of waste, pollution and protection of the environment, labour regulations and worker safety. Furthermore, the future introduction or enactment of new laws, guidelines and regulations could serve to limit or curtail the growth and development of the Group's business or have an otherwise negative impact on its operations. The Group ensures it complies with the relevant laws and regulations in force in the jurisdictions in which it operates.

Liquidity and interest rate risks

The Group is ultimately dependent on sources of equity or debt funding to develop TurboShale or any other recovery technology and in turn its exploration assets and meet its day to day capital commitments. Cash forecasts identifying the liquidity requirements of the Group are produced frequently and are reviewed regularly by management and the Board. This strategy will continually be reviewed in the light of developments with existing projects and new project opportunities as they arise. For further information regarding the Group's cash resources and future funding requirements, refer to the 'Going Concern' section below.

Currency risk

Due to the limited income and expenses denominated in foreign currencies, it was not considered cost effective to manage transactional currency exposure on an active basis. However, as the financial statements are reported in sterling, any movements in the exchange rate of foreign currencies against sterling may affect the Group's statements of comprehensive income and financial position. The Group holds some cash in US dollars to mitigate the foreign exchange risk and keeps its currency profile under review.

COVID-19 risk

The full effect and impact of the COVID-19 pandemic will take time to be understood. At the time of the publication of these accounts, the full effects are not yet known, though it is clear that the effects will be significant. Already we have seen a slowing of the global economy and a material reduction in both the demand for and the price of oil, which will likely have an impact on the attractiveness of exploration assets, including the Group's, which may result in future funding for projects being harder to secure. In respect of the Group's current operations, being the Pre-FEED study, this will likely take longer to be completed than initially anticipated due to the current imposed travel restrictions. In the event that the pandemic continues into the second half of 2020, the Board will consider what cost reduction measures are needed and can be implemented to ensure the Group can continue to trade.

Financial instruments

It was not considered an appropriate policy for the Group to enter any hedging activities or trade in any financial instruments. Further information can be found in Note 19.

RESULTS AND DIVIDENDS

The statement of comprehensive income is set out on page 19. The Directors do not propose the payment of a dividend (*2018: £nil*).

REVIEW OF THE KEY EVENTS DURING THE YEAR

TurboShale

The Field Test of TurboShale's RF technology was completed on the Groups Holliday A Block in September 2019. The results of the Field Test, while they didn't result in the recovery of any oil, did produce a significant amount of data. The data is continuing to be used to develop the system and has already identified a number of improvements that should, in the Directors' opinion, lead to the successful operation of the technology when, subject to funding, it is next tested.

Financing

During the financial year, TomCo completed four equity fundraises of a total of 63,351,796 new ordinary shares, which raised a total of £1.7 million before costs. The proceeds were used for the advancement of the TurboShale field test and for general working capital.

In addition, unsecured loans of, in aggregate, £250,000, provided by Chris Brown, were settled in January 2019 by the issue of 5 million new ordinary shares at 2p per share and £150,000 in cash. In addition, warrants were exercised for a total of 2,839,091 which raised £66,600. In addition, TomCo sold its entire interest in Red Leaf Resources Inc. in October 2018 for a total consideration of US$133,333.

Since the end of the financial year there has been a further placing of 142,307,692 new ordinary shares, raising £925,000 (gross). These funds have been deployed to working capital and the Pre-FEED study to be undertaken by Valkor.

As at 26 March 2020, the Company had cash of approximately £745,000 and cash flow forecasts indicate that the Company has sufficient funds through to the end of March 2021 as detailed below under Going Concern and in Note 1.1 to the financial statements.

Directors
Directors who served on the Board during the year to 30 September 2019 and to date were as follows:

Andrew Jones (*resigned 16 March 2020*)

John Potter

Alexander Benger

Malcolm Groat

Laurence Read (*appointed 1 January 2019; resigned 28 June 2019*)

Post the period end, Stephen West was appointed as a Non-Executive Director on 17 February 2020

Directors' interests in the ordinary shares of the Company, including family interests, as at 30 September 2019 were as follows:

	30 September 2019			30 September 2018 (or date of appointment)		
	Ordinary shares of nil par value	**Share warrants**	**Share options**	Ordinary shares of nil par value	Share warrants	Share options
A Jones*	**380,838**	-	**2,666,666**	38,146	-	2,666,666
J Potter	**26,500**	-	**1,714,285**	26,500	-	1,714,285
A Benger	**18,293**	-	**380,952**	18,293	-	380,952
M. Groat	**11,887**	-	**380,952**	11,887	-	380,952
L. Read	**-**	-	**-**	-	-	-
	437,518	-	**5,142,855**	94,826	-	5,142,855

Details of remuneration, share warrants and share options can be found in the Remuneration Committee Report, Notes 6,17 and 18 to the financial statements.

** The number for Mr. Jones includes 342,692 Ordinary shares held in his Self-Invested Personal Pension Scheme ("SIPP").*

Payments of payables
The Group's policy is to negotiate payment terms with its suppliers in all sectors to ensure that they know the terms on which payment will take place when the business is agreed and to abide by those terms of payment.

Going Concern
The Directors have prepared cash flow forecasts for the next 15 months from the date of signing of these financial statements. Under the forecasts, the Group plans to engage Valkor to evaluate the commercial viability of a commercial scale plant based on the Petroteq oil recovery system. The forecasts indicate the Group has sufficient funds to complete the engagement and has sufficient funds to meet its liabilities as they fall due until March 2021. Further funding will be required if the Directors decide to explore the opportunity to develop a commercial scale oil sands plant or to further advance the RF technology and to ensure the Company can

continue to meet its liabilities and commitments through to March 2021.

The Director's note that COVID-19 has had a significant negative impact on the global economy and oil prices have fallen significantly, which may mean it is harder to secure additional funding than it has historically been. Notwithstanding this, the Directors have a reasonable expectation that they can secure additional funding, based on recent fundraisings, which would provide sufficient funds to meet operating expenditure beyond March 2021 or in the event that the Company sought further funds to explore the opportunity to develop a commercial scale oil sands plant or to further advance the RF technology. However, these conditions are necessarily considered to represent a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. Whilst acknowledging this material uncertainty, the Directors remain confident of raising any additional funds required and therefore the Directors consider it appropriate to prepare the financial statements on a going concern basis. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

Directors' responsibilities

The Directors are responsible for keeping proper accounting records, that are sufficient to show and explain the Group's transactions and disclose, with reasonable accuracy at any time, the financial position of the Group and enable them to ensure that financial statements may be prepared, in accordance with the Isle of Man Companies Act 2006. They are also responsible for safeguarding the assets of the Group and for taking steps for the prevention and detection of fraud and other irregularities.

The Directors are required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the AIM market. In accordance with those rules, the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs), as issued by the International Accounting Standards Board. The Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that year. In preparing these financial statements, the Directors are required to:

- consistently select and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- state that the Group has complied with IFRS, subject to any material departures disclosed and explained in the financial statements.

The Directors confirm that they have complied with these requirements, and, having a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing the financial statements.

Auditors

All the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board

John Potter
CEO
26 March 2020

CORPORATE GOVERNANCE STATEMENT

As Chairman, I am pleased to present the Company's Governance Statement under the QCA Corporate Governance Code ("the QCA Code" or the "Code"). Establishing effective corporate governance structures that evolve with the business and protect shareholder value is a key element of my role, together with the Board as a whole. Set out below are details of the Company's governance framework benchmarked against the QCA Code principles.

The Board of Directors of TomCo monitors the business affairs of the Company and its subsidiaries on behalf of its shareholders. The Board currently consists of the Chief Executive Officer and three Non-Executive Directors. None of the Non-Executive Directors have previously held an executive position with the Company. The Directors have responsibility for the overall corporate governance of the Company and recognise the need for the highest standards of behaviour and accountability. The Directors are committed to the principles underlying best practice in corporate governance and have adopted the QCA Code.

This statement explains, at a high level, how the QCA Code is applied by the Company and how its application supports the Company's medium to long-term success. Further information on the application of the Code can be found on the Company's website at https://tomcoenergy.com/investors/governance/.

The Board is responsible for the stewardship of the Company through consultation with the management of the Company. Management represents the Executive Director. Any responsibility that is not delegated to management or to the committees of the Board remains with the Board, subject to the powers of the shareholder meetings. The frequency of Board meetings, as well as the nature of agenda items, varies depending on the state of the Company's affairs and in light of opportunities or risks which the Company faces. Members of the Board are in frequent contact with one another and meetings of the Board are held as deemed necessary.

Statement of compliance with the QCA Code

Throughout the year ended 30 September 2019, the Company has been in compliance with the provisions set out in the QCA Code.

Statement about applying the principles of the Code

The Company has applied the principles set out in the Code, by complying with the Code as reported above. Further explanations of how the principles have been applied is set out below.

Principle One – Business Model and Strategy

TomCo is an unconventional oil exploration and development company focused on using innovative technology to unlock hydrocarbon resources, initially in Utah, USA.

Its objective is to become the leading development company in the use of RF technology in the extraction of oil & gas from oil shale and to commercialise its current oil shale assets.

The Company believes that the RF technology, held through TurboShale in which the Company has an 80% interest, will benefit from being economically attractive, carrying significant lower costs than other methods of retorting and will be environmentally benign. The Company believes this will prove to be a disruptive technology and one with the potential to unlock TomCo's oil shale assets. Details of key operational and strategic risks that impact the delivery of the future strategy are set out in the Directors' Report together with mitigating actions.

Post the year end the Company has expanded its strategy to include the potential of oil sands resources and the recovery of oil from them.

Principle Two – Understanding Shareholder Needs and Expectations

The Board is committed to maintaining good communications and having constructive dialogue with its shareholders. Shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company and management.

All shareholders are encouraged to attend and participate in all shareholder meetings called by the Company, in particular its Annual General Meeting (AGM). Investors also have access to current information on the Company and the Group through its website, www.tomcoenergy.com.

Principle Three – Considering wider stakeholder and social responsibilities

The Board recognises that the long-term success of the Group is reliant upon the efforts of the employees of the Group, its partners, consultants, contractors, suppliers, regulators and other stakeholders. The Board have put in place a range of processes and systems to ensure that there is close oversight and contact with its key stakeholders.

The Group is subject to oversight by a number of different U.S. State and other regulatory bodies, who directly or indirectly are involved with the permitting and approval process of its Oil & Gas operations in Utah. Additionally, given the nature of the Group's business, there are other parties who, whilst not having regulatory power, nonetheless have interest in seeing that the Group conducts its operations in a safe, environmentally responsible, ethical and conscientious manner.

The Group makes all reasonable efforts, directly or through its advisers, to engage in and maintain active dialogue with each of these governmental and non-governmental bodies, to ensure that any issues faced by the Group, including but not limited to regulations or proposed changes to regulations, are well understood and ensuring to the fullest extent possible that the Group is in compliance with all appropriate regulation, standards and specific licensing obligations, including environmental, social and safety, at all times.

Principle Four – Risk Management

In addition to its other roles and responsibilities, the Board is responsible for ensuring that procedures are in place and are being implemented effectively to identify, evaluate and manage the significant risks faced by the Group.

As a result of the process described above, a number of risks have been identified. The principal risks and the manner in which the Company and its Board seek to mitigate these are set out below. The Board reviews the principal risks facing the business as part of its meetings through the year and changes to those risks as the Company develops. Where risks change or new risks are identified the Board implements risk management strategies as applicable.

Risk	**Comment**	**Mitigation**
Operational risks	See Directors Report.	The Company is reducing its reliance on one recovery method with the development of TurboShale and its RF technology. The Company has engaged with established contractors to carry out the various elements of the project. The Board carefully monitors performance and the results of work being carried out on an ongoing basis.
Risks related to Environmental, health and safety and other regulatory standards	See Directors Report.	The Company has employed leading advisors to assist it in securing any relevant permits or licences to operate. The Company maintains ongoing oversight of health & safety and environmental compliance.
Liquidity risk	See Directors' Report including 'Going Concern section.	The Company maintains a detailed cashflow forecast and carefully monitors expenditure and may seek to raise additional funding as referred to in Note 1.1.
Currency risk	See Directors Report.	The Company aims to manage currency exposures by holding funds in the applicable currency to match anticipated expenditure.

The Board consider that an internal audit function is not necessary or practical due to the size of the Group and the close day to day control exercised by the Executive Director. However, the Board will continue to monitor the need for an internal audit function. The Executive Director has established appropriate reporting and control mechanisms to ensure the effectiveness of the Group's control systems for the size of the business and its activities. The Board obtains regular updates on risks from the Executive Director, which allows it to monitor the effectiveness of risk management and through its regular engagement and review of reporting on areas such as status of the Company's projects, budgets, results and cash flow position of the Company it considers the effectiveness of controls on an ongoing basis.

Principle Five – A Well-Functioning Board of Directors

The Board currently comprises the Chief Executive, John Potter, and three independent Non-Executive Directors, Stephen West, Alexander Benger and Malcolm Groat.

Biographies for each of the current Directors are set out on the Company's website. Executive and Non-Executive Directors are subject to re-election usually at the Company's Annual General Meeting, at intervals of no more than three years.

The Board meets on a regular basis, typically at least once a month.

The Board is responsible for formulating, reviewing and approving the Group's strategy, budgets and corporate actions. As such, the Company has established separate Audit and Remuneration Committees.

The Audit Committee comprises Malcolm Groat (Chairman) and Alexander Benger. The Audit Committee meets at least twice a year to consider the integrity of the financial statements of the Company, including its annual and interim accounts; the effectiveness of the Company's internal controls and risk management systems; auditor reports; and terms of appointment and remuneration for the auditor.

The Company's Remuneration Committee comprises Alexander Benger (Chairman) and Malcolm Groat. The Remuneration Committee meets from time to time, but not less than once a year, to review and determine, amongst other matters, the remuneration of Executives on the Board and any share incentive plans of the Company.

The QCA Code recommends that the Chair must have adequate separation from the day-to-day business to be able to make independent decisions. Stephen West is the Company's Non-Executive Chairman and the Board believes that he has adequate separation from the day-to-day business of the Company to be able to make independent decisions. As the Board is comprised of only four members, one of whom is Executive and three of whom are independent Non-Executive Directors, one of whom is the Chairman, the Board does not believe it is currently necessary to appoint a senior independent director.

The Chief Executive is a full-time employee of the Company. Whilst each of the Non-Executive Directors are considered to be part time, they are expected to provide as much time to the Company as is required.

The attendance record of the Directors at Board and committee meetings held during the year ended 30 September 2019 was as follows:

	Main Board	Audit Committee	Remuneration Committee
Meetings held			
Attendance:			
Andrew Jones	12		
John Potter	12		
Alex Benger	11	2	2
Malcom Groat	11	2	2
Laurence Read (appointed 1 January 2019; resigned 28 June 2019)	2		

Principle Six – Appropriate Skills and Experience of the Directors

The Company believes that the current balance of skills in the Board as a whole, reflects a very broad range of commercial and professional skills across geographies and industries and each of the Directors has previous experience in public markets.

The Board believes that the Directors are well suited to the Company's fundamental objective of enhancing and preserving long-term shareholder value and ensuring that the Group conducts its business in an ethical and safe manner. The Board is considered to be of sufficient number to provide more than adequate experience and perspective to its decision-making process and given the size and nature of the Group, the Board does not consider at this time that it is appropriate to increase the size of the Board or amend its composition.

As the Board is not currently anticipating any change to its size or composition, it has not yet implemented a written policy regarding the identification and nomination of female directors. In the event that one of the existing members of the Board stands down from their current position, the Company will, at that time, give further consideration to the specific selection of a female member of the Board and the adoption of a formal policy relating to the positive appointment of additional female members of the Board for future opportunities.

The Board is responsible for: (a) ensuring that all new Directors receive a comprehensive orientation, that they fully understand the role of the Board and its committees, as well as the contribution individual directors are expected to make (including the commitment of time and resources that the Company expects from its directors) and that they understand the nature and operation of the Group's business; and (b) providing continuing education opportunities for all directors, so that individuals may maintain or enhance their skills and abilities as directors, as well as to ensure that their knowledge and understanding of the Group's business remains current.

Given the size of the Company and the in-depth experience of its Directors, the Company has not deemed it necessary to develop a formal process of orientation for new Directors but encourages all its Directors to visit the Group's operations to ensure familiarity and proper understanding.

Skills & Experience of Board Members

<u>Stephen West (*appointed 17 February 2020*)</u>
Stephen is a Chartered Accountant Fellow (CA ANZ) and Chartered Accountant (ICAEW) with over 26 years of financial and corporate experience gained in public practice, oil and gas, mining and investment banking. Before joining TomCo, Stephen was instrumental in establishing and growing a number of resource companies in the UK, Australia and Norway. Stephen was appointed to the Board in February 2020 and assumed the role of Non-Executive Chairman on 16 March 2020.

<u>John Potter</u>

Accomplished Chief Executive and project manager with many years' experience working within the energy sector. John brings a wide range of skills, knowledge and industry connections. John's proficiencies in understanding and identifying best technologies in projects and his proven abilities in developing relationships with stakeholders, including operators, politicians, financiers, technology providers, regulators and so on, are well proven and have brought great value to the companies he has previously worked with.

<u>Alexander Benger</u>

Small-cap sector focused Corporate Financier. Initially having focused on Operational Management within financial services companies, Alex moved into corporate finance in 2003 and has been involved in numerous fundraising, stock market flotations and corporate actions for both private and public companies. For 12 years he has concentrated predominately on London small-cap businesses, including four and a half years working for SME Stock Exchanges.

<u>Malcolm Groat</u>

Malcolm is a Chartered Accountant and has a wide range of experience in corporate life, with roles as Chairman, Non- Executive Director, Chair of Audit, CEO, COO and CFO for a number of companies. He is an adviser on compliance and governance, strategy and operational improvement, and managing the risks of rapid change.

<u>Andrew Jones (*resigned 16 March 2020)*</u>

Andrew has over 13 years' experience in capital markets and corporate finance. He is a member of the UK's Chartered Institute of Securities and Investment (CISI). Before joining TomCo, Andrew was instrumental in growing a number of companies in a variety of sectors including technology, media and energy.

Principle Seven – Evaluation of Board Performance

The Board has determined that it shall be responsible for assessing the effectiveness and contributions of the Board as a whole, its committees (which currently comprise the Audit Committee and the Remuneration Committee). The small size of the Board allows for open discussion. The Chairman has regular dialogue with the Chief Executive whereby the Board's role and effectiveness can be considered.

No formal assessments have been prepared in the year. However, the Board assesses its effectiveness on an ongoing basis. The Board will keep this matter under review and especially if either the size of the Board or the number of committees increases, which in turn may require a more formalised assessment and evaluation process to be established to ensure continued effectiveness.

Principle Eight – Corporate Culture

The Board recognises that their decisions regarding strategy and risk will impact the corporate culture of the Group as a whole and that this will impact the performance of the Group. The Board is very aware that the tone and culture set by the Board will greatly impact all aspects of the Group as a whole. The corporate governance arrangements that the Board has adopted are designed to ensure that the Group delivers long-term value to its shareholders and that shareholders have the opportunity to express their views and expectations for the Company in a manner that encourages open dialogue with the Board.

A large part of the Group's activities is centred upon what needs to be an open and respectful dialogue with partners, suppliers, consultants and other stakeholders. Therefore, the importance of sound ethical values and behaviour is crucial to the ability of the Group to successfully achieve its corporate objectives.

The Directors consider that at present the Group has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge.

Principle Nine – Maintenance of Governance Structures and Processes

Ultimate authority for all aspects of the Group's activities rests with the Board, with the responsibilities of the Executive Director arising as a consequence of delegation by the Board.

The Board has adopted appropriate delegations of authority which set out matters which are reserved to the Board. The Chairman is responsible for the effectiveness of the Board and compliance with the Code, while management of the Group's business and primary contact with shareholders has been delegated by the Board to the Chief Executive Officer.

Non-Executive Directors

The Board evaluates its performance and composition on a regular basis and will make adjustments as and when indicated. When assessing the independence of each Non-Executive Director, length of service is one of the considerations. The Board will, when assessing new appointments in the future, consider the need to balance the experience and knowledge that each independent director has of the Group and its operations, with the need to ensure that independent directors can also bring new perspectives to the business.

In accordance with the Isle of Man Companies Act 2006, the Board complies with: a duty to act within their powers; a duty to promote the success of the Company; a duty to exercise independent judgement; a duty to exercise reasonable care, skill and diligence; a duty to avoid conflicts of interest; a duty not to accept benefits from third parties and a duty to declare any interest in a proposed transaction or arrangement.

Principle Ten – Shareholder Communication

The Board is accountable to the Company's shareholders and as such it is important for the Board to appreciate the aspirations of the shareholders and equally that the shareholders understand how the actions of the Board and short-term financial performance relate to the achievement of the Group's longer-term goals.

The Board reports to the shareholders on its stewardship of the Group through the publication of interim and final financial results. The Company announces significant developments which are disseminated via various outlets including, before anywhere else, RNS. In addition, the Company maintains a website (www.tomcoenergy.com) on which RNS announcements, press releases, corporate presentations and the Report and Financial Statements are available to view.

Enquiries from individual shareholders on matters relating to the business of the Group are welcomed. Shareholders and other interested parties can subscribe to receive notification of news updates and other documents from the Company via email.

Corporate Governance Statement

The Annual General Meeting, and other meetings of shareholders that may be called by the Company from time to time, provide an opportunity for communication with all shareholders and the Board encourages the shareholders to attend and welcomes their participation. The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. The Company has close ongoing relationships with its private shareholders.

Stephen West
Non-Executive Chairman
26 March 2020

AUDIT COMMITTEE REPORT

Overview

The Committee met twice during the year. The external auditor also attended the meetings at the invitation of the Committee Chairman.

Malcolm Groat was appointed chairman of the Committee by the Board, with the other Committee member being Alex Benger.

Financial Reporting

The Committee monitored the integrity of the interim and annual financial statements and reviewed the significant financial reporting issues and accounting policies and disclosures in the financial reports. The external auditor attended the Committee meetings as part of the full year and interim accounts approval process. The process included the consideration of reports from the external auditor identifying the primary areas of accounting judgements and key audit risks identified as being significant to the 2019 accounts.

Audit Committee Effectiveness

The Board considers the effectiveness of the Committee on a regular basis but not as formal process.

External Audit

The Committee is responsible for managing the relationship with the Company's external auditor, BDO LLP.

The objectivity and independence of the external auditors is safeguarded by reviewing the auditors' formal declarations, monitoring relationships between key audit staff and the Group and reviewing the non-audit fees payable to the auditor. Non-audit services are not performed by the auditor. During the year, audit fees were paid to BDO LLP of £31,000 (*2018: £31,000*).

Internal Audit

The Committee considered the requirement for an internal audit function. The Committee considered the size of the Group, its current activities and the close involvement of senior management. Following the Committee's review, it did not deem it necessary to operate an internal audit function during the year.

Malcolm Groat
Chairman, Audit Committee
26 March 2020

REMUNERATION COMMITTEE REPORT

This report is on the activities of the remuneration committee for the ended 30 September 2019.

The Remuneration Committee comprises Alexander Benger (Chairman) and Malcolm Groat. The Remuneration Committee meets from time to time, but not less than once a year, to review and determine, amongst other matters, the remuneration of Executives on the Board and any share incentive plans of the Company.

The Group has no employees other than the Directors, whose emoluments comprise fees paid for services. The amounts for their services are detailed below:

	Salaries 2019 £'000	Salaries 2018 £'000
A Jones *(resigned 16 March 2020)*	**98**	73
J Potter	**74**	38
A Benger	**18**	16
M Groat	**18**	16
L Read *(appointed 1 January 2019; resigned 28 June 2019)*	**12**	-

As detailed in Note 18, the Company has in place a share option scheme for its Directors.

The Committee met twice during the year.

Alex Benger
Chairman, Remuneration Committee
26 March 2020

Independent auditor's report to the members of TomCo Energy plc

Independent auditor's report to the members of TomCo Energy plc

Opinion

We have audited the financial statements of TomCo Energy plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 September 2019 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity and the consolidated statements of cash flows and notes to the financial statements including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the International Accounting Standards Board.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 30 September 2019 and of its loss for the year then ended; and
- have been properly prepared in accordance with IFRSs as adopted by the International Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty in relation to going concern

We draw attention to the disclosures made in Note 1.1 to the financial statements concerning the Group's ability to continue as a going concern. The Group's cash flow forecasts indicate that the group will need further funding in order to meet its liabilities as they fall due until March 2021 and to continue as a going concern. In addition to this, the Group have noted further uncertainty created by the COVID-19 pandemic which could impact the ability the raise further funds and cause delays to the project. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

We identified going concern as a key audit matter based on our assessment of the significance of the risk and the effect on our audit strategy.

Our audit procedures in response to this key audit matter included the following:

- We reviewed the latest cash flow forecasts for the Group, which covered 15 months from the date of approval of these financial statements. Our work included assessment of the cash outflows against historical data and publicly stated plans for further development of the exploration assets.
- We verified receipt of the proceeds of equity placing post the year end as supporting evidence.
- We discussed with the Directors how they intend to raise the funds necessary for the Group to continue as a going concern in the required timeframe and considered their judgment in light of the Group's previous successful fundraisings and strategic financing.
- In respect of the COVID-19, we have reviewed management's assessment of the likely impact of the pandemic on the cash flows, as well as the ability of the Group to raise further finance.

- We reviewed the disclosures in Note 1.1 to the financial statements against the requirements of the accounting standards to check that the disclosures accurately reflect the going concern position of the Group.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the going concern, key audit matter described in the Material uncertainty related to going concern section above, the following matter was identified:

<table>
<tr><td>Key Audit Matter</td><td>Carrying value of intangible assets:

As detailed in Note 8 to the financial statements, the Group holds significant intangible assets, primarily the exploration and development licence costs, which the Directors are required to assess for indicators of impairment at each reporting date. There are a large number of estimates and judgments used by management in assessing these assets for impairment under the accounting standards. These are set out in Note 1.9 to the financial statements, and the subjectivity of these estimates along with the material carrying value of the assets make this a key area of focus for our audit.</td></tr>
<tr><td>How we addressed the Key Audit Matter in the Audit</td><td>We have assessed management’s impairment review and our procedures included the following:
We reviewed the licence documentation to check that the licences remain valid and to confirm the expiry and licence obligations.
We noted that the competent persons report on reserves and resources does not suggest there are any indicators of impairment for the project.
We performed procedures to assess the independence and competence of the competent person as management’s expert.
We made specific enquires of management and reviewed market announcements, budgets and plans which demonstrated that the Group plans to invest in its TurboShale RF technologies and subsequently develop the Holliday A Block subject to sufficient funding being available.
We also evaluated the adequacy of the disclosures provided within the financial statements in relation to the impairment assessment against the requirements of the accounting standards.</td></tr>
<tr><td>Key observations</td><td>We found management’s conclusion that no impairment was required to be acceptable and the disclosures included in the financial statements to be appropriate.</td></tr>
</table>

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial, as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Group materiality was set at £150,000 (2018: £135,000) being 1.5% of total assets. We considered total assets to be the most significant determinant of the Group’s financial performance by users of the financial statements.

Performance materiality is the application of materiality at the individual account or balance level set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Performance materiality was set at £112,500 (2018: £100,000), which represents 75% of the above materiality level. The level of performance materiality was set after considering a number of factors, including the expected value of known and likely misstatements and management's attitude towards proposed adjustments.

Component materiality ranged from £75,000 to £130,000 (2018: £75,000 to £120,000).

We agreed with the Audit Committee that we would report to them individual audit differences identified during the course of our audit in excess of £3,000 (2018: £2,700). We also agreed to report differences below this threshold which warranted reporting on qualitative grounds.

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement due to fraud. Our Group audit focused on the Group's principle operating locations, being the United Kingdom and USA. The Group is comprised of two significant components, TomCo Energy plc and TurboShale Inc.

The Group audit team carried out a full scope audit on both of the significant components and performed all the work necessary to issue the Group audit opinion including undertaking all of the audit work on the key audit matters and other risk areas.

Other information

The Directors are responsible for the other information and financial statements. The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement, within the Directors' report, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with our engagement letter dated 29 January 2020. Our audit work has been undertaken so that we might state to the Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP
Chartered Accountants
London, UK

26 March 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Statement of Comprehensive Income

for the financial year ended 30 September 2019

	Note		2019		2018
	Note	**£'000**	**£'000**	£'000	£'000
Revenue	2		**-**		-
Cost of sales	2		**-**		-
Gross loss			**-**		-
Administrative expenses	2		**(778)**		(857)
Operating loss	4		**(778)**		(857)
Finance costs	3		**(4)**		(12)
Loss on ordinary activities before taxation			**(782)**		(869)
Taxation	5		**-**		-
Loss for the year attributable to:			**(782)**		(869)
Equity shareholders of the parent		**(749)**		(770)	
Non-controlling interests	1.19	**(33)**		(99)	
			(782)		(869)
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations			**408**		227
Items that will not be reclassified subsequently to profit or loss					
Fair value gain on non-derivative equity investment	10		**2**		102
Other comprehensive income for the year attributable to:					
Equity shareholders of the parent		**417**		333	
Non-controlling interests	1.19	**(7)**		(4)	
Other comprehensive income			**410**		329
Total comprehensive loss attributable to:					
Equity shareholders of the parent		**(332)**		(437)	
Non-controlling interests	1.19	**(40)**		(103)	
Total comprehensive loss			**(372)**		(540)

		2019	2018
		Pence	Pence
Loss per share attributable to the equity shareholders of the parent		**per share**	per share
Basic & diluted loss per share	7	**(0.73)**	(1.84)

The Notes on pages 23 to 37 form part of these financial statements.

Consolidated Statement of Financial Position
as at 30 September 2019

	Note	Group 2019 £'000	Group 2018 £'000
Assets			
Non-current assets			
Intangible assets	8	**9,222**	8,075
Property, plant and equipment	9	**431**	313
Other receivables	11	**27**	23
		9,680	8,411
Current assets			
Trade and other receivables	11	**97**	47
Investment in unquoted equity securities	10	**-**	102
Cash and cash equivalents	12	**639**	262
		736	411
TOTAL ASSETS		**10,416**	8,822
Liabilities			
Current liabilities			
Trade and other payables	13	**(615)**	(504)
		(615)	(504)
Net current assets/(liabilities)		**121**	(93)
TOTAL LIABILITIES		**(615)**	(504)
Total net assets		**9,801**	8,318
Shareholders' equity			
Share capital	15	**-**	-
Share premium	16	**28,247**	26,542
Warrant reserve	17	**65**	43
Translation reserve		**638**	223
Retained deficit		**(19,012)**	(18,393)
Equity attributable to owners of the parent		**9,938**	8,415
Non-controlling interests	1.19	**(137)**	(97)
Total equity		**9,801**	8,318

The financial statements were approved and authorised for issue by the Board of Directors on 26 March 2020.

The Notes on pages 23 to 37 form part of these financial statements.

John Potter
Director

Malcolm Groat
Director

Consolidated Statement of Changes in Equity
for the financial year ended 30 September 2019

		Group							
		Equity attributable to equity holders of the parent							
	Note	Share capital	Share premium	Warrant reserve	Translation reserve	Retained Deficit	Total	Non-controlling interest	Total Equity
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 October 2017		**-**	**25,354**	**57**	**-**	**(17,748)**	**7,663**	**(31)**	**7,632**
Loss for the year		-	-	-	-	(770)	(770)	(99)	(869)
Comprehensive income for the year		-	-	-	223	110	333	(4)	329
Total comprehensive loss for the year		-	-	-	223	(660)	(437)	(103)	(540)
Issue of shares (net of costs)	15, 16	-	1,188	-	-	-	1,188	-	1,188
Change in non-controlling interest	1.19	-	-	1	-	(37)	(36)	37	1
Expiry of warrants	17	-	-	(15)	-	15	-	-	-
Share-based payment charge	18	-	-	-	-	37	37	-	37
At 30 September 2018		**-**	**26,542**	**43**	**223**	**(18,393)**	**8,415**	**(97)**	**8,318**
Loss for the year		-	-	-	-	(749)	(749)	(33)	(782)
Comprehensive income for the year		-	-	-	415	2	417	(7)	410
Total comprehensive loss for the year		-	-	-	**415**	**(747)**	**(332)**	**(40)**	**(372)**
Issue of shares (net of costs)	15, 16	-	1,638	59	-	-	1,697	-	1,697
Exercise of warrants	17	-	67	(37)	-	35	65	-	65
Share-based payment charge	18	-	-	-	-	93	93	-	93
At 30 September 2019		**-**	**28,247**	**65**	**638**	**(19,012)**	**9,938**	**(137)**	**9,801**

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

<u>Reserve</u>	<u>Descriptions and purpose</u>
Share capital	Amount subscribed for share capital at nominal value, together with transfers to share premium upon redenomination of the shares to nil par value.
Share premium	Amount subscribed for share capital in excess of nominal value, together with transfers from share capital upon redenomination of the shares to nil par value.
Warrant reserve	Amounts credited to equity in respect of warrants to acquire ordinary shares in the Group.
Translation reserve	Gains and losses on the translation of foreign operations.
Retained deficit	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income less transfers to retained deficit on expiry.
Non-controlling interest	Non-controlling interest share of losses of TurboShale Inc., together with adjustments associated with the initial recognition of, and changes in, the non-controlling interest. Refer Note 1.19.

The Notes on pages 23 to 37 form part of these financial statements.

Consolidated Statement of Cash Flows
for the financial year ended 30 September 2019

	Note	**Group 2019 £'000**	Group 2018 £'000
Cash flows from operating activities			
Loss after tax	2	**(782)**	(869)
Adjustments for:			
Finance costs	3	**4**	12
Amortisation		**6**	6
Share based payment charge		**93**	37
Costs settled by the issue of shares		**5**	-
Increase in trade and other receivables		**(55)**	(48)
Increase in trade and other payables		**232**	71
Cash used in operations		**(497)**	(791)
Interest paid		**(4)**	(12)
Net cash outflow from operating activities		**(501)**	(803)
Cash flows from investing activities			
Investment in intangibles	8	**(642)**	(204)
Sale of investments		**104**	-
Purchase of property, plant and equipment	9	**(95)**	(303)
Net cash used in investing activities		**(633)**	(507)
Cash flows from financing activities			
Issue of shares	15, 16	**1,767**	1,250
Costs of share issue		**(109)**	(62)
(Repayment)/receipt of loan finance		**(150)**	250
Net cash generated from financing activities		**1,508**	1,438
Net increase in cash and cash equivalents		**374**	128
Cash and cash equivalents at beginning of financial year		**262**	128
Foreign currency translation differences		**3**	6
Cash and cash equivalents at end of financial year		**639**	262

The Notes on pages 23 to 37 form part of these financial statements.

1. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

1.1 Basis of preparation and going concern

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and International Financial Reporting Interpretations Committee ("IFRIC") interpretations and with those parts of the Isle of Man Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historic cost convention.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Details of the Group's significant accounting judgments are set out in these financial statements and include:

Judgements

- Impairment indicator assessment on intangible assets

  In determining whether indicators of impairment on intangible assets existed judgment was required. The directors have considered the remaining licence term and standing, future plans for exploration, the measured resources within the mineral leases owned by the Company; and the likelihood of commercially viable extraction technology being developed and sufficient funding being available to the Company to develop and exploit such technology. The Board concluded that no impairment indicator existed at 30 September 2019. Refer to Note 8.

Estimates

- Share based payments

  Estimates were required in determining the fair value of share options granted in the year including future share price volatility and the instrument life. Refer to Note 18.

The Group has consistently applied all applicable accounting standards.

Going concern

Since the end of the financial year, the Company raised a further £925,000 gross of expenses though the placing of, in aggregate, 142,307,692 ordinary shares. As a result, as at 26 March 2020, the Group had cash of approximately £745,000.

The Directors have prepared cash flow forecasts for the next 15 months from the date of signing of these financial statements. Under the forecasts, the Group plans to engage Valkor to evaluate the commercial viability of a commercial scale plant based on the Petroteq oil recovery system. The forecasts indicate the Group has sufficient funds to complete the engagement and has sufficient funds to meet its liabilities as they fall due until March 2021. Further funding will be required if the Directors decide to explore the opportunity to develop a commercial scale oil sands plant or to further advance the RF technology and to ensure the Company can continue to meet its liabilities and commitments through to March 2021.

The Director's note that COVID-19 has had a significant negative impact on the global economy and oil prices have fallen significantly, which may mean it is harder to secure additional funding than it has historically been. Notwithstanding this, the Directors have a reasonable expectation that they can secure additional funding, based on recent fundraisings, which would provide sufficient funds to meet operating expenditure beyond March 2021 or in the event that the Company sought further funds to explore the opportunity to develop a commercial scale oil sands plant or to further advance the RF technology. However, these conditions are necessarily considered to represent a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. Whilst acknowledging this material uncertainty, the Directors remain confident of raising any additional funds required and therefore the Directors consider it appropriate to prepare the financial statements on a going concern basis. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

1.2 Future changes in accounting standards

The IFRS financial information has been drawn up on the basis of accounting standards, interpretations and amendments effective at the beginning of the accounting period.

IFRS 15 “Revenue from contracts with customers” was effective for the first time in the year ended 30 September 2019. The group currently has no external revenues and therefore this standard currently has no impact on the Group.

IFRS 9 “Financial instruments” was also effective for the first time in the year ended 30 September 2019. In applying IFRS 9 for the first time, the directors have classified the group’s equity investment in Red Leaf, which was not held for trading, as held at fair value through other comprehensive income. The investment was sold during the year.

Prior periods’ results have not been restated for the implementation of IFRS 9. Disclosures concerning the implementation of IFRS 9 are given in note 19.

The International Accounting Standards Board (IASB) has issued the following new and revised standards, amendments and interpretations to existing standards that are not effective for the financial year ended 30 September 2019 and have not been adopted early, which, when effective, might have an impact upon the group’s financial statements.

		Effective date (periods beginning on or after)
• IFRS 16	Leases	1 Jan 2019
• IFRIC 23	Uncertainty over Income Tax Treatments	1 Jan 2019

IFRS 16 introduces a single lease accounting model. This standard requires lessees to account for all leases under a single on- balance sheet model. Under the new standard, a lessee is required to recognise all lease assets and liabilities on the balance sheet; recognise amortisation of leased assets and interest on lease liabilities over the lease term; and separately present the principal amount of cash paid and interest in the cash flow statement. Management is currently reviewing the impact of the standard but do not anticipate it having a material effect given the very limited exposure of the group to leases within the scope of IFRS16. Leases to explore for or use minerals, oil and gas are outside the scope of IFRS 16.

The Group is currently assessing the impact of these standards.

1.3 Basis of consolidation

The Group accounts consolidate the accounts of the parent company, TomCo Energy plc, and all its subsidiary undertakings drawn up to 30 September 2019. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The acquisition of subsidiaries is accounted for on the purchase basis. A subsidiary is consolidated where the Company has the control over an investee. The Group controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. On acquisition all the subsidiary’s assets and liabilities which existed at the date of acquisition are recorded at their fair values reflecting their condition at the time. If, after re-assessment, the Group’s interest in the net fair value of the identifiable assets liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the statement of comprehensive income.

1.4 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the Board of Directors.

Based on an analysis of risks and returns, the Directors consider that the Group has two principal business segments based on geographical location. The loss before taxation arises principally within the UK and US. Net assets are principally in the UK and the US.

1.5 Revenue

Revenue represents the Group’s share of sales of oil during the year, excluding sales tax and royalties. Income arises from the US and is recognised when the oil is delivered to the customer. No revenue has arisen in the current or prior year.

1.6 Finance income

Finance income is accounted for on an effective interest basis.

1.7 Property, plant and equipment

Property, plant and equipment employed in exploration and evaluation activities are carried at cost. No depreciation has been provided on these assets as they had not been brought into use by the end of the financial year. Subsequent depreciation will be capitalised to exploration and development costs.

1.8 Intangible assets

Exploration and development licences
The Group applies the full cost method of accounting for oil and gas operations. For evaluation properties, all mineral leases, permits, acquisition costs, geological and geophysical costs and other direct costs of exploration appraisal, renewals and development are capitalised as intangible fixed assets in appropriate cost pools, with the exception of tangible assets, which are classed as property, plant and equipment. Costs relating to unevaluated properties are held outside the relevant cost pool, and are not amortised until such time as the related property has been fully appraised. When a cost pool reaches an evaluated and bankable feasibility stage, the assets are transferred from intangible to oil properties within property, plant and equipment.

Technology licences
Amortisation is not charged on technology licences associated with oil and gas assets until they are available for use.

Patents and patent applications
Patents and patent applications acquired in consideration for combination of cash and the issue of shares in subsidiary undertakings are recognised at fair value, and amortised over their expected useful lives, which is 12 years being the patent term.

1.9 Impairment

Exploration and development licences
Exploration and development assets are assessed for impairment when facts and circumstances suggest that the carrying amount may exceed the recoverable amount. In accordance with IFRS 6 the Group firstly considers the following facts and circumstances in their assessment of whether the Group's exploration and evaluation assets may be impaired, whether:

- the period for which the Group has the right to explore in a specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in a specific area is neither budgeted nor planned;
- exploration for and evaluation of hydrocarbons in a specific area have not led to the discovery of commercially viable quantities of hydrocarbons and the Group has decided to discontinue such activities in the specific area; and
- sufficient data exists to indicate that although a development in a specific area is likely to proceed, the carrying amount of the exploration and evaluation assets is unlikely to be recovered in full from successful development or by sale.

If any such facts or circumstances are noted, the Group perform an impairment test in accordance with the provisions of IAS 36. The aggregate carrying value is compared against the expected recoverable amount of the cash generating unit, which is generally the field, except that a number of field interests may be grouped as a single cash generating unit where the cash flows are interdependent. The recoverable amount is the higher of value in use and the fair value less costs to sell.

Any impairment loss would be recognised in the income statement and separately disclosed.

Technology licence
The carrying amount of the Group's other intangible asset, its patents and technology licence, is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement.

1.10 Taxation

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

Current tax is based on taxable profits for the financial period using tax rates that have been enacted or substantively enacted by the reporting date. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. If deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not accounted for. Deferred tax is determined using tax rates that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised, or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversals of the temporary differences is controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

1.11 Foreign currencies

The accounts have been prepared in pounds sterling being the presentational currency of the Group. The functional currency of the holding company is also pounds sterling. The functional currency of the US subsidiaries is US dollars. Assets and liabilities held in the Group or overseas subsidiaries in currencies other than the functional currency are translated into the functional currency at the rate of exchange ruling at the reporting date.

Transactions entered into by Group entities in a currency other than the functional currency of the entity are recorded at the rates ruling when the transactions occur. Exchange differences arising from the settlement of monetary items are included in the statement of comprehensive income for that period.

The assets and liabilities of subsidiaries with functional currencies other than sterling are translated at balance sheet date rates of exchange. Income and expense items are translated at the average rates of exchange for the period. Exchange differences arising are recognised in other comprehensive income (attributed to the parent equity holder and non-controlling interests as appropriate).

1.12 Operating leases

Rentals payable under operating leases, net of lease incentives, are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

1.13 Non-derivative equity instruments

The Group classifies its non-derivative equity instruments as at fair value through other comprehensive income. Gains or losses on disposals of these items are recognised in other comprehensive income.

1.14 Debt instruments at amortised cost

These assets are non-derivative financial assets which are held in a business model whose objective is to collect contractual cashflows and whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. They arise principally through types of contractual monetary asset such as receivables. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Impairment provisions are recognised based on expected credit losses over the asset’s life.

The Group’s assets held at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

1.15 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at the bank and other short-term liquid investments with original maturities of three months or less.

1.16 Trade payables

Trade payables are recognised at amortised cost. All of the trade payables are non-interest bearing.

1.17 Share capital

Ordinary shares are classified as equity. Shares issued in the period are recognised at the fair value of the consideration received.

1.18 Warrants

Warrants issued as part of financing transactions in which the holder receives a fixed number of shares on exercise of the warrant are fair valued at the date of grant and recorded within the warrant reserve. Fair value is measured by the use of the Black Scholes model.

On expiry or exercise, the fair value of warrants is credited to reserves as a change in equity.

1.19 Non-controlling interests

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Group.

Details concerning non-wholly owned subsidiaries of the Group that have material non-controlling interests are as follows:

Name of subsidiary	Proportion of ownership interests and voting rights held by non-controlling interests		Total comprehensive loss allocated to non-controlling interest		Change in non-controlling interest		Accumulated non-controlling interest	
	2019 %	2018 %	2019 £'000	2018 £'000	2019 £'000	2018 £'000	2019 £'000	2018 £'000
TurboShale Inc.	20	20	(40)	(103)	-	37	(137)	(97)

During the year ended 30 September 2018, certain shares in TurboShale Inc issued to non-controlling interests were cancelled, resulting in an increase in the Company's effective interest from 66.7% to 80%. Given the net deficit of the subsidiary this resulted in a reduced share of the Group's losses attributable to the non-controlling interest in accordance with the Group's accounting policy. The effects of the change in the non-controlling interest are recognised in reserves. Included in total comprehensive loss is £nil (2018: £99,000) of losses with the remainder reflecting other comprehensive expense.

1.20 Share-based payments

Equity-settled share-based payments to directors are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions is set out in Note 18.

The fair value determined at the grant date is expensed on a straight-line basis over the vesting period or periods, based on the Group's estimate of equity instruments that will eventually vest. At each balance sheet date, 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 expenses reflects the revised estimate, with a corresponding adjustment to equity reserves.

2. **Segmental reporting** – *Analysis by geographical segment*

The loss before taxation arises within principally the UK and US. Net assets are principally in the UK and US. Based on an analysis of risks and returns, the Directors consider that the Group has two principal business segments based on geography, with the UK primarily representing head office costs of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the Board of Directors. The Directors therefore consider that no further segmentation is appropriate.

Year ended 30 September	**United States 2019 £'000**	**United Kingdom 2019 £'000**	**Eliminations 2019 £'000**	**Total 2019 £'000**	United States 2018 £'000	United Kingdom 2018 £'000	Eliminations 2018 £'000	Total 2018 £'000
External revenue	**-**	**-**		**-**	-	-		-
Inter-segment sales		**94**	**(94)**	**-**		92	(92)	-
Cost of sales	**-**	**-**		**-**	-	-		-
Gross profit/(loss)	**-**	**94**	**(94)**	**-**	-	92	(92)	-
Impairment	**-**	**-**		**-**	-	-		-
Administrative expenses	**(177)**	**(695)**	**94**	**(778)**	(387)	(562)	92	(857)
Operating loss	**(177)**	**(601)**	**-**	**(778)**	(387)	(470)	-	(857)
Financial income	**-**	**1**		**1**	-	-		-
Finance costs	**-**	**(5)**		**(5)**	-	(12)		(12)
Total loss	**(177)**	**(605)**		**(782)**	(387)	(482)		(869)
Non-Current assets:								
– Exploration and development assets	**9,200**	**-**		**9,200**	8,047	-		8,047
– Other	**27**	**-**		**27**	23	-		23
– Property, plant and equipment	**431**	**-**		**431**	313	-		313
– Patents	**22**	**-**		**22**	28	-		28
	9,680	**-**		**9,680**	8,411	-		8,411
Current assets:								
Trade and other receivables	**-**	**97**		**97**	-	47		47
Investment in unquoted securities	**-**	**-**		**-**	-	102		102
Cash and cash equivalents	**21**	**618**		**639**	128	134		262
Total assets	**9,701**	**715**		**10,416**	8,539	283		8,822
Current liabilities:								
Trade and other payables	**(389)**	**(226)**		**(615)**	(17)	(487)		(504)
Total liabilities	**(389)**	**(226)**		**(615)**	(17)	(487)		(504)

3. Finance costs

	2019 £'000	2018 £'000
Interest income	**(1)**	-
Loan note interest (Note 20)	**5**	12
Total finance costs for the financial year	**4**	12

4. Operating loss

The following items have been charged in arriving at operating loss:	2019 £'000	2018 £'000
Auditors' remuneration: audit services	**31**	31
Rentals payable in respect of land and buildings	**37**	6

5. Taxation

There is no tax charge in the year due to the loss for the year.

Factors affecting the tax charge:	2019 £'000	2018 £'000
Loss on ordinary activities before tax	**(782)**	(869)
Loss on ordinary activities at standard rate of corporation tax in the UK of 19% (2018: 19%)	**(149)**	(165)
Effects of:		
Losses carried forward	**149**	165
Tax charge for the financial year	**-**	-

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantially enacted on 6 September 2016. This will reduce the Group's future current tax charge accordingly in the event of profits.

6. Employees and Directors

The Group has no employees other than the Directors, whose emoluments comprise fees paid for services. The amounts for their services are detailed below:

	Salaries 2019 £'000	**Share-based payment expense 2019 £'000**	Salaries 2018 £'000	Share-based payment expense 2018 £'000
A Jones *(resigned 16 March 2020)*	**98**	**48**	73	19
J Potter	**74**	**31**	38	12
A Benger	**18**	**7**	16	3
M Groat	**18**	**7**	16	3
L Read *(appointed 1 January 2019; resigned 28 June 2019)*	**12**	**-**	-	-
Total remuneration	**220**	**93**	143	37

7. 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 year. Reconciliations of the losses and weighted average number of shares used in the calculations are set out below.

Financial year ended 30 September 2019	**Losses £'000**	**Weighted average number of shares**	**Per share Amount Pence**
Basic and Diluted EPS			
Losses attributable to ordinary shareholders on continuing operations	(749)	102,524,614	(0.73)
Total losses attributable to ordinary shareholders	**(749)**	**102,524,614**	**(0.73)**
Financial year ended 30 September 2018			
Basic and Diluted EPS			
Losses attributable to ordinary shareholders on continuing operations	(770)	41,719,121	(1.84)
Total losses attributable to ordinary shareholders	(770)	41,719,121	(1.84)

The warrants and share options which were issued or for which entitlement to warrants was established in the current and prior years (Notes 17 and 18) are anti-dilutive. As these instruments would be anti-dilutive a separate diluted loss per share is not presented.

8. Intangible assets

	Oil & Gas Exploration and development licences £'000	**Oil & Gas Technology licence £'000**	**Oil & Gas Patents and patent applications £'000**	**Oil & Gas Total £'000**
Cost				
At 1 October 2017	**7,627**	**1,314**	**23**	**8,964**
Additions	**193**	**-**	11	**204**
Translation differences	**227**	**-**	**-**	**227**
At 30 September 2018	**8,047**	**1,314**	**34**	**9,395**
Additions	**643**		(1)	**642**
Translation differences	**510**		**1**	**511**
At 30 September 2019	**9,200**	**1,314**	**34**	**10,548**
Amortisation/Impairment				
At 1 October 2017	-	1,314	-	1,314
Amortisation	-	-	6	6
At 30 September 2018	-	1,314	6	1,320
Amortisation	-	-	6	6
At 30 September 2019	**-**	**1,314**	**12**	**1,326**
Net book value				
At 30 September 2019	**9,200**	-	**22**	**9,222**
At 30 September 2018	8,047	-	28	8,075
At 30 September 2017	7,627	-	23	7,650

The exploration and development licences comprise nine Utah oil shale leases covering approximately 15,488 acres. In respect of leases ML 49570 and ML 49571, independent natural resources consultants SRK Consulting (Australasia) Pty Ltd, part of the internationally recognised SRK Group, reported in March 2019 best estimate Contingent Resources (2C) of, in aggregate, 131.3 million barrels ("MM bbl") of oil assessed under Petroleum Resources Management System ("PRMS") guidelines, plus a best estimate Prospective Resource (2U) of, in aggregate, 442.8 MM bbl oil across the Leases. This included the Holliday A Block, where the Field Test has been undertaken, with 2C Contingent Resources of 57.3 MM bbl of oil and 2U Prospective Resources of 84.7 MM bbl of oil. The Directors continue to consider the Holliday A Block to be prospective and are seeking methods of extracting the shale oil through development of TurboShale's RF technologies.

The claim areas and the Group's interest in them is:

Asset	Per cent Interest	Licence Status	Expiry Date	Licence Area (Acres)
ML 49570	100	Prospect	31/12/2024	1,638.84
ML 49571	100	Prospect	31/12/2024	1,280.00
ML 48801	100	Prospect	01/10/2021	1,918.50
ML 48802	100	Prospect	01/10/2021	1,920.00
ML 48803	100	Prospect	01/10/2021	1,920.00
ML 48806	100	Prospect	01/12/2023	1,880.00
ML 49236	100	Prospect	01/12/2023	2,624.21
ML 49237	100	Prospect	01/12/2023	1,666.67
ML 50151*	100	Prospect	22/06/2020	640.00

In performing an assessment of the carrying value of the exploration licences at the reporting date, the Directors concluded that it was not appropriate to book an impairment given the measured resource, the licence term and the continued plans to explore and develop the block, including the new technologies which TurboShale is seeking to develop.

The outcome of ongoing exploration, and therefore whether the carrying value of the exploration licences will ultimately be recovered, is inherently uncertain and is dependent upon successful development of commercially viable extraction technology. If the required additional funding was not to be made available to the Group or commercially viable extraction technologies cannot be developed, the carrying value of the asset might need to be impaired.

During the 2018/2019 financial year, the Field Test was carried out.

* Lease ML 50151 is expected to be extended.

9. Property, plant and equipment

	Exploration and evaluation equipment Total £'000
Cost at 30 September 2017	**-**
Additions	303
Translation differences	10
At 30 September 2018	313
Additions	**95**
Translation differences	**23**
At 30 September 2019	**431**
At 30 September 2018	313
At 30 September 2017	**-**

10. Investment in unquoted equity securities

Fair value	**Unlisted Investments £'000**
At 1 October 2017	-
Fair value gain	102
At 30 September 2018	102
Fair value gain	2
Disposals	(104)
At 30 September 2019	-
Net book value	
At 30 September 2019	**-**
At 30 September 2018	102
At 30 September 2017	-

During the year to 30 September 2012, the Group invested US$5.0 million (£3.1 million) in Red Leaf (Equity securities US – Red Leaf) at US$1,500 per share as part of a US$100 million raising by Red Leaf in conjunction with the closing of a joint venture with Total E&P USA Oil Shale, LLC, an affiliate of Total SA.

In previous years the Directors considered that the fair value of the investment could not be reliably measured and so, as permitted by IFRS, the asset was stated at original cost less any provision for impairment and has been fully impaired for a number of years. The investment was eventually realised in October 2018 for a price of US$133,333 (£104,000). Changes in fair value at 30 September 2018 and to the date of disposal have been recognised in other comprehensive income.

11. Trade and other receivables

	Group 2019 £'000	Group 2018 £'000
Current		
Other receivables	**50**	37
Prepayments and accrued income	**47**	10
	97	47
Non- current		
Other receivables	**27**	23
Total Receivables	**124**	70

As at 30 September 2019 there were no receivables considered past due (2018: £Nil). The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable and cash and cash equivalents as disclosed in Note 19.

All current receivable amounts are due within six months.

12. Cash and cash equivalents

	Group 2019 £'000	Group 2018 £'000
Cash at bank and in hand	**639**	262

The Group earns 0.05% (*2018: 0.05%*) interest on their cash deposits, consequently the Group's exposure to interest rate volatility is not considered material.

13. Trade and other payables

Current	**Group 2019 £'000**	Group 2018 £'000
Trade payables	**408**	58
Other payables	**17**	10
Loans (Note 20 & 21)	**-**	250
Accruals	**190**	186
	615	504

All current amounts are payable within six months and the Directors considers that the carrying values adequately represent the fair value of all payables. Refer to Note 20 and 21 for terms of the loans.

14. Deferred tax

Unrecognised losses

The Group has tax losses in respect of excess management expenses of approximately £9.8 million (*2018: £9.8 million*) available for offset against future Company income. Trading losses of £1.3 million (2018-£0.9 million) are also available. This gives rise to a potential deferred tax asset at the reporting date of £1.9 million (*2018: £1.8 million*). No deferred tax asset has been recognised in respect of the tax losses carried forward as the recoverability of this benefit is dependent on the future profitability of the Company, the timing of which cannot reasonably be foreseen but the excess management expenses have no expiry date. Subsidiary entities have accumulated losses of approximately £660,000 for which no deferred tax asset is recorded given uncertainty of future profits.

15. Share capital

	Number of shares in issue	2018 £
Issued and fully paid at 1 October 2017-shares of no par value	**28,917,800**	**-**
April 2018 – placing of new ordinary shares (note 16)	20,000,000	-
April 2018 – issue of shares in settlement of professional fees	199,999	-
June 2018 – placing of new ordinary shares (note 16)	13,000,000	-
At 30 September 2018	**62,117,799**	**-**

	Number of shares in issue	2019 £
Issued and fully paid at 1 October 2018-shares of no par value	**62,117,799**	**-**
October 2018 – subscription of new ordinary shares (note16)	1,176,471	-
December 2018 – placing of new ordinary shares (note 16)	27,500,000	-
January 2019 – issue of shares in part settlement of loan (note 16)	5,000,000	-
March 2019 - placing of new ordinary shares (note 16)	21,818,182	-
May 2019-exercise of warrants (notes 16 and 17)	1,530,000	-
July 2019-exercise of warrants (notes 16 and 17)	1,309,091	-
August 2019 - placing of new ordinary shares (note 16)	12,857,143	-
August 2019 - issue of shares in settlement of professional fees (note 16)	142,857	-
At 30 September 2019	**133,451,543**	**-**

16. Share premium

	2019 £'000	2018 £'000
At 1 October	**26,542**	25,354
October 2018 – subscription of new shares at 8.5 pence per share	**100**	-
December 2018 – placing of new ordinary shares at 2 pence per share net of costs	**514**	-
January 2019 – issue of shares in part settlement of loan at 2 pence per share	**100**	-
March 2019 - placing of new ordinary shares at 2.75 pence per share net of costs	**559**	-
May 2019-exercise of warrants (note 17)	**31**	-
July 2019-exercise of warrants (note 17)	**36**	-
August 2019 - placing of new ordinary shares at 3.5 pence net of costs	**419**	-
August 2019 - issue of shares in settlement of professional fees at 3.5 pence	**5**	-
Issue of warrants as part of placing fees (note 17)	**(59)**	-
April 2018 – placing at 3 pence per share, amount raised net of costs	**-**	567
April 2018 –issue of shares at 3 pence per share	**-**	6
June 2018-placing at 5 pence per share, amount raised net of costs	**-**	615
At 30 September	**28,247**	26,542

17. Warrants

At 30 September 2019 the following share warrants were outstanding in respect of ordinary shares:

	2019	**2019**	2018	2018
	number	**Weighted average exercise price Pence**	number	Weighted average exercise price Pence
Outstanding at 1 October	**356,000**	**14.0**	1,113,200	24.8
Expired during the year	**(160,000)**	**(21.2)**	(857,200)	(21.2)
Granted during the year	**3,610,520**	**2.6**	100,000	10.0
Exercised during the year	**(2,839,091)**	**(2.3)**	-	-
Outstanding at 30 September	**967,429**	**4.4**	356,000	14.0
Exercisable at 30 September	**967,429**	**4.4**	356,000	14.0

Issue of Warrants

On completion of a placing on 2 October 2014, the Company issued 12,000,000 warrants with an exercise price of 0.5p and a contractual life of 5 years. The exercise price of the warrants adjusted to 6.25p and the number of warrants adjusted to 96,000 post a share consolidation in 2017. These warrants expired shortly after 30 September 2019.

On 7 October 2016 the Company entered an agreement in which the counterparty was entitled to subscribe for 20,000,000 ordinary shares at 0.17p per share (subsequently consolidated to 160,000 warrants exercisable at 21.25p per share following the share consolidation) for services. These warrants expired during the year.

In April 2018 the Company issued 100,000 warrants with a life of two years and an exercise price of 10p as part consideration for settlement of its contract with Venture Development Partners Limited concerning a framework agreement relating to TurboShale concluded in 2017. The fair value of these warranted was assessed to be immaterial at approximately £1,000.

3,610,520 new warrants were issued during 2019 in connection with the placing of new shares. The fair value of these warrants was assessed at £59,000. Of the new warrants issued during 2019, warrants over 2,839,091 ordinary shares were exercised during the year.

Each warrant in issue is governed by the provisions of warrant instruments representing the warrants which have been adopted by the Company. The rights conferred by the warrants are transferable in whole or in part subject to and in accordance with the transfer provisions set out in the Articles. The warrants outstanding at 30 September 2019 had a weighted average exercise price of 4.4p (*2018: 14p*) and a weighted average remaining contractual life of 1.55 years (*2018: 0.71 years*).

The Company intends, following publication of these accounts, to issue 425,000 warrants to an adviser which were intended to be issued following the publication of last year's account, giving them the right to acquire such number of new ordinary shares at an exercise price of 2.75 pence for a period of two years.

18. Share-based payments

The Company implemented a share option scheme for its Directors during the year ended 30 September 2018. Options are exercisable at a price equal to the quoted market price of the Company's shares at the date of grant. The vesting period is between four months and 2.3 years. If the options remain unexercised after a period of ten years from the date of grant the options expire. Options are forfeited if the director leaves the Company before the options vest.

Details of the share options issued during the year and outstanding at the year end are as follows:

	2019	**2019**	2018	2018
	number	**Weighted average exercise price Pence**	number	Weighted average exercise price Pence
Outstanding at 1 October	**5,142,855**	**5.25**	-	-
Granted during the year	**-**	**-**	5,142,855	5.25
Outstanding at 30 September	**5,142,855**	**5.25**	5,142,855	5.25
Exercisable at 30 September	**1,714,286**	**5.25**	-	-

Details of the options held by each Director are given in the Directors' Report on page 5.

The inputs into the Black-Scholes model for calculating the estimated fair value of options granted, at their grant date, were as follows:

	2019
Share price (pence)	5.25
Exercise price (pence)	5.25
Expected volatility	98.8%
Risk-free rate	0.82%
Expected period before exercise (years)	3

Expected volatility was determined by calculating the historical volatility of the Company's share price. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The fair value of each option granted during the year was estimated at 3.2 pence at the date of grant. The weighted average unexpired life of the options at 30 September 2019 was 8.83 years (2018-9.83 years).

The charge recognised in profit or loss for 2019 was £93,000 (2018: £37,000).

19. Financial instruments

Implementation of IFRS 9

Upon implementation of IFRS 9, there were no reclassifications of financial assets or liabilities, save for the transfer from "available for sale" assets to "fair value through other comprehensive income" of the Group's investment in unquoted equity investments, with a value of £102,000 at implementation. No remeasurement of this or other financial assets or liabilities was required.

Other disclosures

The Group's financial instruments, other than its investments, comprise cash and items arising directly from its operation such as other receivables, and trade payables.

Management review the Group's exposure to currency risk, interest rate risk, liquidity risk and credit risk on a regular basis and consider that through this review they manage the exposure of the Group. No formal policies have been put in place in order to hedge the Group's activities to the exposure to currency risk or interest risk, however, this is constantly under review.

There is no material difference between the book value and fair value of the Group and Company's cash and other financial assets.

Currency risk

The Group has overseas subsidiaries which operate in the United States and include expenses, assets and liabilities denominated in US$. Foreign exchange risk is inherent in the Group's activities and is accepted as such. The effect of a 10% strengthening or weakening of the US dollar against sterling at the reporting date on the dollar denominated balances would, all other variables held constant, would result in a gain or loss of approximately £10,000 (2018: £20,000).

Interest rate risk

The Group and Company manage the interest rate risk associated with the Group cash assets by ensuring that interest rates are as favourable as possible, whether this is through investment in floating or fixed interest rate deposits, whilst managing the access the Group requires to the funds for working capital purposes.

The Group's cash and cash equivalents are subject to interest rate exposure due to changes in interest rates. Short-term receivables and payables are not exposed to interest rate risk. The Group has no borrowings as at 30 September 2019.

A 1% increase or decrease in the floating rate attributable to the cash balances held at the year end would not result in a significant difference on interest receivable.

Liquidity risk

At the year end the Group and Company had cash balances comprising the following:

Bank balances	**Group 2019 £'000**	Group 2018 £'000
British Pounds	**326**	134
US Dollars	**313**	128
Total	**639**	262

All financial liabilities of the group mature in less than 12 months: details of the analysis of such liabilities is given in Note 13.

Liquidity risk arises from the Group management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. Refer to Note 1.1 for details of going concern.

The Group policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 90 days.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or a counter party to a financial instrument fails to meet its contractual obligations. The Group is principally exposed to credit risk on cash and cash equivalents with banks and financial institutions. For banks and financial institutions, only independently rated parties with an acceptable rating are utilised.

Capital management policies

In managing its capital, the Group's primary objective is to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, through new share issues or debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

20. Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the cash flow statement as cash flows from financing activities:

Group 2019	**1 October £'000**	**Financing cash flows £'000**	**Non-cash transactions £'000**	**30 September £'000**
Loans from related parties (Note 21)	**250**	**(150)**	**(100)**	**-**
Total	**250**	**(150)**	**(100)**	**-**
Group 2018				
Loans from related parties (Note 21)	-	250	-	250
Total	-	250	-	250

Repayment of loans during the year ended 30 September 2019 was partly financed by the issue of new equity with a fair value of £100,000. Interest accrued of £5,000 (*2018: £12,000*) which was paid in the year.

21. Related party disclosures

The Directors are Key Management and information in respect of key management is given in Note 6.

Mr Chris Brown, who is directly and indirectly beneficially interested in, in aggregate, 3.86% of the issued share capital of the Company, and was a former director of the Company, provided unsecured loans of, in aggregate, £250,000, applied to general working capital purposes. The loans incurred interest of 8% per annum, payable monthly in arrears.

The loans were repaid during the year by £150,000 in cash and £100,000 by conversion into 5,000,000 new ordinary shares at 2p per share.

22. Ultimate controlling party

As at 30 September 2019 and 30 September 2018 there is no ultimate controlling party.

23. Operating lease commitments

At 30 September 2019, the Group was committed to operating lease payments due within one year of £39,000 (2018-nil). The charge for the year ended 30 September 2019 was £39,000.

24. Subsequent events

In December 2019, the Company raised £925,000 gross of expenses by a placing of 142,307,692 new ordinary shares at 0.65p per share. 71,153,846 warrants were issued with the placing, entitling the holder to purchase a further ordinary share at a subscription price of 1.5p per share. A further 8,538,462 warrants were issued to Turner Pope Investments, giving them the right to acquire the same number of ordinary shares at an exercise price of 0.65p for two years.

The placing was intended in part to fund a resources report and engineering study into a new oil sands opportunity in the Uintah Basin, Utah, USA as well as to complete the necessary design revisions of the TurboShale system and to provide general working capital.

On 19 March 2020, the Company entered into an agreement with Valkor for a Pre-FEED study for which the Company's contribution is $125,000.

The full effect and impact of the COVID-19 pandemic will take time to be understood. At the time of the publication of these accounts, the full effects are not yet known, though it is clear that the effects will be significant. Already we have seen a slowing of the global economy and a material reduction in both the demand for and the price of oil, which will likely have an impact on the attractiveness of exploration assets, including the Group's, which may result in future funding for projects being harder to secure. In respect of the Group's current operations, being the Pre-FEED study, this will likely take longer to be completed than initially anticipated due to the current imposed travel restrictions. In the event that the pandemic continues into the second half of 2020, the Board will consider what cost reduction measures are needed and can be implemented to ensure the Group can continue to trade.

ONLINE

www.tomcoenergy.com
info@tomcoenergy.com

TELEPHONE

+44 20 3823 3635

ADDRESS

TomCo
Energy plc
60 Circular
Road
Douglas
Isle of Man
IM1 1SA

TomCoENERGY