

27 September 2019

## **Curzon Energy Plc ("Curzon" or the "Company")**

### **Unaudited Half-Year Results for the Six Months Ended 30 June 2019**

Curzon Energy plc (LON:CZN) the London Stock Exchange listed oil and gas development company, pursuing a targeted strategy of upstream North American natural gas appraisal and development assets, announces its unaudited interim results for the six months to 30 June 2019.

#### **CHAIRMAN'S STATEMENT**

I am pleased to present the interim report for the Company covering its results for the six months ended 30 June 2019.

#### **Financial review**

The Company incurred a loss of US\$583,867 in the period. A majority of this loss comprised expenditures in relation to the evaluation and maintenance of the commercial potential of its Coos Bay CBM project. Additional expenditures were occurred conducting due diligence on the potential acquisition of an interest in the Texas Gas Project.

Net cash of US\$79,234 as at 30 June 2019 (US\$451,188 as at 31 December 2018). Basic loss per share of US\$ 0.006 (period ended 30 June 2018: US\$ 0.007).

Given the nature of the business and its development strategy, it is unlikely that the Board will recommend a dividend in the foreseeable future.

#### **Outlook**

The Company's near-term goal remains focused on completing due diligence and finalizing a transaction with Pared Energy to participate in the Texas Gas Project. These interim accounts also demonstrate the progress made in the Company's cost-reduction efforts over the past year.

On behalf of the Board, I would like to take this opportunity to thank our staff and advisers for their hard work as well as our shareholders for their continued support.

We look forward to updating shareholders on our progress in due course.

**John McGoldrick**  
**Chairman and Non-Executive Director**

#### **CHIEF EXECUTIVE OFFICER'S REVIEW**

The Company's focus remains on maximizing value in its existing Coos Bay coal bed methane project, while progressing a potential transaction with Pared Energy for the acquisition of an interest in the Texas Gas Project and participating in a drilling campaign in Texas.

Additionally, the Company continues to assess additional oil and gas opportunities on an ongoing basis. While progress to date has largely occurred behind the scenes, we look forward to delivering on such initiatives in the near term.

**Scott Kaintz**  
**Chief Executive Officer**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE CONDENSED INTERIM REPORT  
AND CONDENSED FINANCIAL STATEMENTS**

The Directors confirm that the condensed interim financial information has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and that the Interim Report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R, namely: an indication of important events that have occurred during the first six months and their impact on the condensed interim financial information, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and material related-party transactions in the first six months and any material changes in the related-party transactions described in the last Annual Report.

By order of the Board

**John McGoldrick**  
**Chairman and Non-Executive Director**

**Consolidated statement of comprehensive income  
for the six months ended 30 June 2019**

	Notes	Six months ended 30 June 2019 Unaudited US\$	Six months ended 30 June 2018 Unaudited US\$	Year ended 31 December 2018 Audited US\$
Administrative expenses	6	<b>(571,292)</b>	(511,951)	(1,363,949)
Loss from operations		<b>(571,292)</b>	(511,951)	(1,363,949)
Finance expense, net	7	<b>(14,645)</b>	(31,893)	(42,321)
Impairment of exploration and evaluation assets		-	-	(575,316)
Foreign exchange differences		<b>2,070</b>	12,854	27,878
<b>Loss before taxation</b>		<b>(583,867)</b>	(530,990)	(1,953,708)
Income tax expense		-	-	-
<b>Loss for the period attributable to equity holders of the parent company</b>		<b>(583,867)</b>	(530,990)	(1,953,708)
<b>Other comprehensive income/(expense)</b>				
Gain/(loss) on translation of parent net assets and results from functional currency into presentation currency		<b>6,474</b>	(4,716)	(70,245)
<b>Total comprehensive loss for the period</b>		<b>(577,393)</b>	(535,706)	(2,023,953)
(Loss) per share				
Basic and diluted, US\$	4	<b>(0.007)</b>	<b>(0.007)</b>	<b>(0.026)</b>

*The accompanying notes on pages 7 to 11 are an integral part of this consolidated financial information.  
This consolidated financial information has been approved by the Company's directors.*

## Consolidated statements of financial position

	Note s	At 30 June 2019 Unaudited US\$	At 30 June 2018 Unaudited US\$	At 31 December 2018 Audited US\$
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets		2,559,000	3,302,444	2,559,000
Restricted cash		125,000	125,000	125,000
<b>Total non-current assets</b>		<b>2,684,000</b>	<b>3,427,444</b>	<b>2,684,000</b>
<b>Current assets</b>				
Prepayments and other receivables		65,336	175,638	36,157
Cash and cash equivalents		79,234	451,188	125,621
<b>Total current assets</b>		<b>144,570</b>	<b>626,826</b>	<b>161,778</b>
<b>Total assets</b>		<b>2,828,570</b>	<b>4,054,270</b>	<b>2,845,778</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables		701,442	514,496	506,894
Borrowings	7	453,964	586,998	213,812
<b>Total current liabilities</b>		<b>1,155,406</b>	<b>1,101,494</b>	<b>720,706</b>
<b>Total liabilities</b>		<b>1,155,406</b>	<b>1,101,494</b>	<b>720,706</b>
<b>Capital and reserves attributable to shareholders</b>				
Share capital	5	1,103,457	964,575	1,024,036
Share premium		3,586,948	3,199,004	3,563,122
Share-based payments reserve		454,026	217,062	454,026
Warrants reserve		213,249	191,011	191,011
Merger reserve		31,212,041	31,212,041	31,212,041
Foreign currency translation reserve		(57,300)	1,755	(63,774)
Accumulated losses		(34,839,257)	(32,832,672)	(34,255,390)
<b>Total capital and reserves</b>		<b>1,673,164</b>	<b>2,952,776</b>	<b>2,125,072</b>
<b>Total equity and liabilities</b>		<b>2,828,570</b>	<b>4,054,270</b>	<b>2,845,778</b>

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**Consolidated statements of changes in equity**

	Share capital	Share premium	Consolidation reserve	Share-based payment reserve	Warrant reserve	Foreign currency translation reserve	Accumulated losses	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<b>At 1 January 2018 (audited)</b>	<b>964,575</b>	<b>3,199,004</b>	<b>31,212,041</b>	<b>114,659</b>	<b>191,011</b>	<b>6,471</b>	<b>(32,301,682)</b>	<b>3,386,079</b>
Loss for the period	-	-	-	-	-	-	(530,990)	(530,990)
Other comprehensive income for the period	-	-	-	-	-	(4,716)	-	(4,716)
Total comprehensive loss for the period	-	-	-	-	-	(4,716)	(530,990)	(535,706)
Issue of share options	-	-	-	102,403	-	-	-	102,403
<b>At 30 June 2018 (unaudited)</b>	<b>964,575</b>	<b>3,199,004</b>	<b>31,212,041</b>	<b>217,062</b>	<b>191,011</b>	<b>1,755</b>	<b>(32,832,672)</b>	<b>2,952,776</b>
<b>At 1 January 2018 (audited)</b>	<b>964,575</b>	<b>3,199,004</b>	<b>31,212,041</b>	<b>114,659</b>	<b>191,011</b>	<b>6,471</b>	<b>(32,301,682)</b>	<b>3,386,079</b>
Loss for the year 2018	-	-	-	-	-	-	(1,953,708)	(1,953,708)
Other comprehensive income for the year	-	-	-	-	-	(70,245)	-	(70,245)
Total comprehensive loss for the year	-	-	-	-	-	(70,245)	(1,953,708)	(2,023,953)
Issue of shares	59,461	416,223	-	-	-	-	-	475,684
Share issue costs	-	(52,105)	-	-	-	-	-	(52,105)
Issue of share options	-	-	-	339,367	-	-	-	339,367
<b>At 1 January 2019 (audited)</b>	<b>1,024,036</b>	<b>3,563,122</b>	<b>31,212,041</b>	<b>454,026</b>	<b>191,011</b>	<b>(63,774)</b>	<b>(34,255,390)</b>	<b>2,125,072</b>
Loss for the period	-	-	-	-	-	-	(583,867)	(583,867)
Other comprehensive income for the year	-	-	-	-	-	6,474	-	6,474
Total comprehensive loss for the year	-	-	-	-	-	6,474	(583,867)	(577,393)
Issue of shares	79,421	46,064	-	-	-	-	-	125,485
Issue of share warrants	-	(22,238)	-	-	22,238	-	-	-
<b>At 30 June 2019 (unaudited)</b>	<b>1,103,457</b>	<b>3,586,948</b>	<b>31,212,041</b>	<b>454,026</b>	<b>213,249</b>	<b>(53,300)</b>	<b>34,839,257</b>	<b>1,673,164</b>

The accompanying notes on pages 7 to 11 are an integral part of this consolidated financial information.  
This consolidated financial information has been approved by the Company's directors.

## Consolidated statement of cash flows

Notes	Six months ended 30 June 2019 Unaudited US\$	Six months ended 30 June 2018 Unaudited US\$	Year ended 31 December 2018 Audited US\$
<b>Cash flow from operating activities</b>			
Loss before taxation	(583,867)	(530,990)	(1,953,708)
Adjustments for:			
Finance cost, net	14,645	31,893	42,321
Share-based payments charge	-	102,403	339,367
Foreign exchange movements	(2,070)	(12,854)	(27,878)
<b>Operating cashflows before working capital changes</b>	<b>(571,292)</b>	<b>(409,548)</b>	<b>(1,024,582)</b>
Changes in working capital:			
(Increase)/decrease in receivable	(29,180)	(27,022)	112,461
Increase/(decrease) in payables	203,185	35,814	(22,541)
<b>Net cash used in operating activities</b>	<b>(397,287)</b>	<b>(400,756)</b>	<b>(934,662)</b>
<b>Investing activities</b>			
Capitalised exploration costs	-	(743,444)	(575,316)
<b>Net cash flow from investing activities</b>	<b>-</b>	<b>(743,444)</b>	<b>(575,316)</b>
<b>Financing activities</b>			
Issue of ordinary shares	125,485	-	-
Costs of share issue	-	-	(52,105)
Proceeds from new borrowings	227,048	-	100,000
<b>Net cash flow from financing activities</b>	<b>352,533</b>	<b>-</b>	<b>47,895</b>
<b>Net Increase in cash and cash equivalents in the period</b>	<b>(44,754)</b>	<b>(1,144,200)</b>	<b>(1,462,083)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>125,621</b>	<b>1,595,035</b>	<b>1,595,035</b>
Restricted cash held on deposits	125,000	125,440	125,440
<b>Total cash and cash equivalents at the beginning of the period, including restricted cash</b>	<b>250,621</b>	<b>1,720,475</b>	<b>1,720,475</b>
Effect of the translation of cash balances into presentation currency	(1,633)	353	(7,331)
(Decrease)/increase in restricted cash	-	(440)	(440)
<b>Cash and cash equivalents at the end of the period</b>	<b>79,234</b>	<b>451,188</b>	<b>125,621</b>
Restricted cash held on deposits	125,000	125,000	125,000
<b>Total cash and cash equivalents at the end of the period, including restricted cash</b>	<b>204,234</b>	<b>576,188</b>	<b>250,621</b>

The accompanying notes on pages 7 to 11 are an integral part of this consolidated financial information.  
This consolidated financial information has been approved by the Company's directors.

# Curzon Energy Plc

## Interim financial information for the six months ended 30 June 2019

### NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

#### 1. General information and basis of preparation

The Company was incorporated and registered in England and a public limited company. The Company's registered number is 09976843 and its registered office is at Kemp House, 152 City Road, London EC1V 2NX. On 4 October 2017, the Company's shares were admitted to the Official List (by way of Standard Listing) and to trading on the London Stock Exchange's Main Market.

With effect from admission, the Company has been subject to the Listing Rules and the Disclosure Guidance and Transparency Rules (and the resulting jurisdiction of the UK Listing Authority) to the extent such rules apply to companies with a Standard Listing pursuant to Chapter 14 of the Listing Rules.

The principal activity of the Company is that of a holding company for its subsidiaries, as well as performing all administrative, corporate finance, strategic and governance functions of the Group. The Company's investments comprise of subsidiaries operating in the natural gas sector.

The Company has the following subsidiary undertakings:

Name	Country of incorporation	Issued capital	Proportion held by Group at reporting date	Activity
Coos Bay Energy, LLC*	USA	Membership interests	100%	Holding company
Westport Energy Acquisitions, Inc.*	USA	Shares	100%	Holding company
Westport Energy, LLC*	USA	Membership interests	100%	Oil and gas exploration
Curzon Energy, Inc.**	USA	Shares	100%	Holding company
Rigel Energy, LLC**	USA	Membership interests	100%	Holding company

\*All the above subsidiaries have same registered office with address 1001 SW 5th Avenue, Suite 1100, Portland, OR 97204, USA.

\*\*These subsidiaries have a registered office with address Corporation Trust Center, 1209 Orange Street, City of Wilmington, New Castle County, Delaware 19801.

More information on the individual group companies and timing of their acquisition is presented in the Company's audited consolidated financial information and notes thereto for the year ended 31 December 2018.

#### 2. Accounting policies

The Group Financial statements are presented in US Dollars.

##### Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations as endorsed by the EU ("IFRS") and the requirements of the Companies Act applicable to companies reporting under IFRS.

The preparation of the Group financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Directors to exercise their judgment in the process of applying the Group's accounting policies. The Group's accounting policies as well as the areas involving a higher degree of judgment and complexity, or areas where assumptions and estimates are significant to the Group financial statements are disclosed in the audited annual report for the year ended 31 December 2018 and are available on the Group's website.

In the opinion of the management, the interim unaudited consolidated financial information includes all adjustments considered necessary for fair and consistent presentation of this financial information. The interim unaudited consolidated financial information should be read in conjunction with the Company's audited financial statements and notes for the year ended 31 December 2018.

IFRS 16 Leases was applied in this financial information for the first time. There is no material effect on the Group's account on IFRS 16 adoption. All the Group's leases are short-term leases, which are month-to-month obligations (i.e., US virtual office and US storage operating leases).

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### **Interim financial information for the six months ended 30 June 2019**

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All operating land lease agreements for the oil and gas exploration areas are outside of the scope of IFRS 16. Coos County annual land lease payment is US\$28,971 and is payable bi-annual instalments with payment due in April and October.

#### *Going concern*

The Group financial statements have been prepared on a going concern basis as the Directors have assessed the Group's ability to continue in operational existence for the foreseeable future. The operations are currently being financed by third party loans.

The Group is reliant on the continuing support from its shareholders and the expected support of future shareholders.

The Group financial statements do not include the adjustments that would result if the Group were not to continue as a going concern.

#### **Basis of consolidation**

The consolidated financial statements of the Group incorporate the financial statements of the Company and entities controlled by the Company, its subsidiaries. More information on the individual group companies, details and timing of their acquisition is presented in the Company's audited consolidated financial information and notes thereto for the year ended 31 December 2018.

At the time of its acquisition by the Company, Coos Bay Energy, LLC consisted of Coos Bay Energy, LLC and its wholly owned US Group. It is the Directors' opinion that the Company at the date of acquisition of Coos Bay Energy, LLC did not meet the definition of a business as defined by IFRS 3 and therefore the acquisition is outside on the IFRS 3 scope. Where a party to an acquisition fails to satisfy the definition of a business, as defined by IFRS 3, management have decided to adopt a "merger accounting" method of consolidation as the most relevant method to be used.

The Group consistently applies it to all similar transactions in the following way:

- the acquired assets and liabilities are recorded at their existing carrying values rather than at fair value;
- no goodwill is recorded;
- all intra-group transactions, balances and unrealised gains and losses on transactions are eliminated from the beginning of the first comparative period or inception, whichever is earlier;
- comparative periods are restated from the beginning of the earliest comparative period presented based on the assumption that the companies have always been together;
- all the pre-acquisition accumulated losses of the legal acquire are assumed by the Group as if the companies have always been together;
- all the share capital and membership capital contributions of all the companies included into the legal acquiree sub-group less the Company's cost of investment into these companies are included into the merger reserve; and
- the Company's called up share capital is restated at the preceding reporting date to reflect the value of the new shares that would have been issued to acquire the merged company had the merger taken place at the first day of the comparative period. Where new shares have been issued during the current period that increased net assets (other than as consideration for the merger), these are recorded from their actual date of issue and are not included in the comparative statement of financial position.

The results and cash flows of all the combining entities were brought into the financial statements of the combined entity from the beginning of the financial year in which the combination occurred, adjusted so as to achieve uniformity of accounting policies. The comparative information was restated by including the total comprehensive income for all the combining entities for the previous reporting period and their statement of financial position for the previous reporting date, adjusted as necessary to achieve uniformity of accounting policies.

At 30 June 2019, the Group results include the results of all the subsidiaries included in Note 1. At 30 June 2018 and 31 December 2018, the group results include the results of Curzon Energy Plc, Coos Bay Energy, LLC, Westport Energy Acquisitions, Inc. and Westport Energy, LLC.

## **2. Segmental analysis**

In the opinion of the directors, the Group is primarily organised into a single operating segment. This is consistent with the Group's internal reporting to the chief operating decision maker. Separate segmental disclosures have therefore not been included.

## **3. Pro forma basic and diluted loss per share**

The basic loss per share is derived by dividing the loss for the year attributable to ordinary shareholders of the Company by the weighted average number of shares in issue.

Diluted loss per share is derived by dividing the loss for the year attributable to ordinary shareholders of



## Curzon Energy Plc

### Interim financial information for the six months ended 30 June 2019

the Company by the weighted average number of shares in issue plus the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares.

The following reflects the loss and share data used in the basic and diluted loss per share computations:

	For six months ended 30 June 2019 Unaudited	For six months ended 30 June 2018 Unaudited	For year ended 31 December 2018 Audited
Loss after tax (US\$)	<b>(583,867)</b>	(530,990)	(1,953,708)
Weighted average number of ordinary shares of £0.01 in issue	<b>80,995,897</b>	72,594,700	74,449,821
Effect of dilutive options and warrants	-	-	-
Weighted average number of ordinary shares of £0.01 in issue inclusive of outstanding dilutive options and warrants	<b>80,995,897</b>	72,594,700	74,449,821
Loss per share - basic and fully diluted (US\$)	<b>0.007</b>	0.007	0.026

At 30 June 2019, 31 December 2018 and 30 June 2018, the effect of all potentially dilutive instruments was anti-dilutive as it would lead to a further reduction of loss per share, therefore they were not included into the diluted loss per share calculation.

#### 4. Share capital

##### Authorised share capital

The Company's authorised share capital at 30 June 2019 was 500,000,000 shares of £0.01 per share up to an aggregate nominal amount of £5,000,000, which was authorised by the Directors on 26 June 2019.

##### Issued equity share capital

	At 30 June 2019 Unaudited		At 31 December 2018 Audited		At 30 June 2018 Unaudited	
	Number	US\$	Number	US\$	Number	US\$
<b>Issued and fully paid</b>						
Ordinary shares of £0.01 each	<b>83,032,972</b>	<b>1,103,457</b>	77,020,316	1,024,036	<b>72,594,700</b>	<b>964,575</b>

The Company has one class of Ordinary shares which carry no right to fixed income.

#### 5. Administrative expenses

	For six months ended 30 June 2019 Unaudited US\$	For six months ended 30 June 2018 Unaudited US\$	For year ended 31 December 2018 Audited US\$
<b>Staff costs</b>			
Directors' salaries	<b>81,064</b>	186,582	726,767
Consultants	<b>33,111</b>	27,703	64,965
Employers NI	<b>5,949</b>	-	1,968

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<b>Professional services</b>			
Accounting, audit & taxation	<b>53,178</b>	53,020	98,356
Legal	-	17,647	68,655
Marketing	<b>17,771</b>	3,822	57,422
Other	<b>8,961</b>	-	31,202
<b>Regulatory compliance</b>	<b>45,286</b>	108,465	130,830
<b>Standard Listing Regulatory Costs</b>	<b>269,532</b>	-	-
<b>Travel</b>	<b>6,069</b>	21,353	41,614
<b>Office and Admin</b>			
General	<b>5,324</b>	43,162	64,165
IT related costs	<b>2,039</b>	3,949	2,379
Rent	<b>27,456</b>	25,910	41,552
Insurance	<b>15,552</b>	20,337	34,074
	<b>571,292</b>	511,950	1,363,949

#### 6. Borrowings

The following loans from third parties were outstanding during the six months ended 30 June 2019. Details of the notes are disclosed in the table below:

	Origination date	Contractual settlement date	Note value in original currency	Note value, US\$	Annual interest rate	Security	Settlement details
YA Global	3 Oct 2018	30 Oct 2020	\$100,000	\$100,000	10%	Unsecured	Outstanding
YA Global	25 Apr 2019	30 Apr 2020	\$100,000	\$100,000	10%	Unsecured	Outstanding
Bruce Edwards	1 Sep 2017	1 Oct 2019	\$100,000	\$100,000	15%	Unsecured	Outstanding
Bespoke Capital Solutions	26 Jun 2019	1 Oct 2019	£100,000	\$127,048	13%	100% of Coos Bay assets	Outstanding

No interim payments are required under the promissory notes, as the payment terms require the original principal amount of each note, and all accrued interest thereon, to be paid in single lump payments on the respective contractual settlement dates.

	30 June 2019 Unaudited US\$	30 June 2018 Unaudited US\$	31 December 2018 Audited US\$
At the beginning of the period	<b>213,812</b>	578,599	578,599
Received during the year	<b>227,048</b>	-	100,000
Interest accrued during the period	<b>14,645</b>	31,893	42,321
Exchange rate differences	<b>(1,541)</b>	(23,494)	(31,424)
Discharged during the year by issue of shares in Curzon	-	-	(475,684)
At the end of the period	<b>453,694</b>	586,998	213,812

#### 7. Post balance sheet events

On 4 July 2019, the Company announced that had agreed to issue £200,000 of secured loan notes to high net worth investors. The notes yield 13% per annum, are due for repayment on 1 October 2019, carry

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### **Interim financial information for the six months ended 30 June 2019**

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a 5% redemption fee, and are secured on the Company's interest in Coos Bay Energy. Further, the Company agreed to issue these investors warrants over 1,000,000 shares in the capital of the Company, exercisable at a price of £0.02 for a period of 18 months. The proceeds of these loan notes were to be used for working capital and costs associated with the diligence and negotiations of a transaction with Pared Energy, LLC and the Texas Gas Project, as announced on 29 March 2019, 20 December 2018, and 21 November 2018.