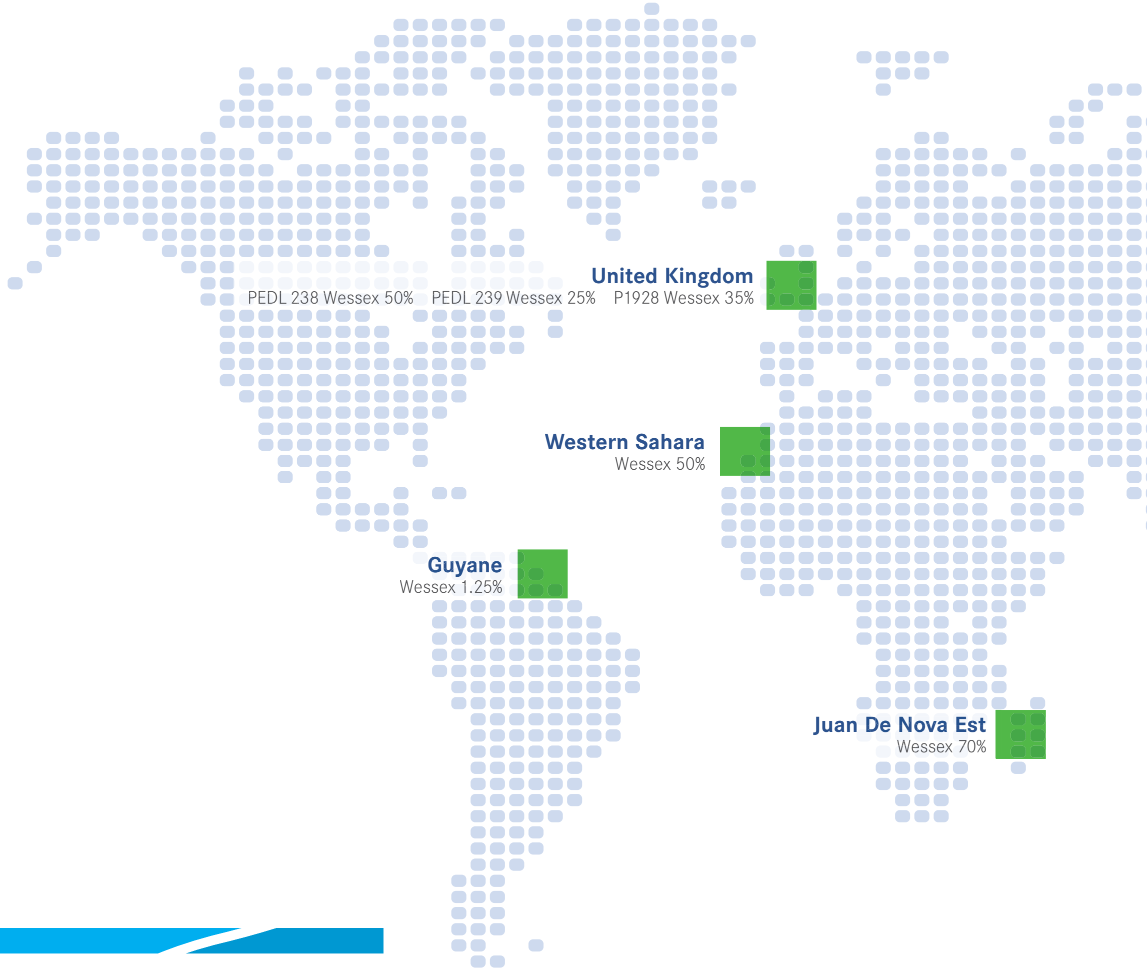
Wessex Exploration PLC

Annual Report and Financial Statements 2013



Directors, Officers and Advisers

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Malcolm Butler
Chairman and Technical Director

Andrew Yeo
Chief Financial Officer

Iain Patrick
Non-Executive Director

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WESSEX EXPLORATION

OUR BUSINESS

Chairman's Statement

Last year was challenging for all of us, as our enthusiasm following the Zaedyus 2011 oil discovery in Guyane was tempered by two unsuccessful follow-up wells on the Cingulata Fan followed by a third dry hole drilled on the separate Cebus Fan within the Eastern Slope. The GM-ES-4 Cebus well announcement was made after the year-end. The Board remains hopeful that GM-ES-5, which was spudded in August 2013, will be successful.

In Southern England, the Norwest-operated group has reprocessed a large volume of existing 2D and 3D seismic data over our licences and we plan to acquire new shallow water 2D seismic over the northern part of P1928 during Q4 2013. Interpretation is underway to identify and confirm potential drilling locations. On Juan de Nova Est, an application has been filed for a renewal of the permit, now with Jupiter Petroleum Juan de Nova Limited, a wholly owned subsidiary of Global Petroleum Limited (AIM: GBP; ASX: GBP) as operator, with Wessex having the right to take a 50% interest if the permit is renewed.

The Company ended the year with a cash balance of £4.4m, some £5.8m lower than in 2012. Operations in Guyane accounted for 85% of total expenditure. As at 30 June 2013, the Company had projected further commitments of £3.3m, almost all relating to Guyane (pre-dilution), as the current four well drilling campaign draws to a conclusion. The Shell-operated group will spend the first half of 2014 evaluating the results of the four well drilling programme and mapping new prospects on the Central Area 3D. It is unlikely that any new drilling will take place during 2014.

2014

RE-EVALUATION OF THE POTENTIAL OF GUYANE LEADING TO IDENTIFICATION OF NEW LEADS AND PROSPECTS IN CENTRAL AREA

P1928

IN THE UK, WE PLAN TO ACQUIRE NEW SHALLOW WATER 2D SEISMIC OVER THE NORTHERN PART OF P1928 DURING Q4 2013

As we look forward a year, the combination of ongoing Guyane well costs during the second half of 2013 and a recognition that the re-evaluation of the potential of Guyane will not be complete until the second half of 2014 led the Board to conclude that action needed to be taken to ensure that the Group remained funded throughout the whole of 2014. It is critical that Wessex is able to benefit from the value creation that we hope will be generated from the identification of new leads and prospects in Guyane, particularly in the Central Area.

In order to be in a position to benefit from this re-evaluation process, Wessex elected to trigger a contractual right contained in the Northpet Shareholders Agreement to opt out of paying up to £1.5m of funding requests still expected to be made in 2013 by the joint venture. This would lead to Wessex's interest in the Guyane Maritime Permit being reduced to around 1.1%. Alongside this, the board has commenced a non-project cost reduction programme aimed at reducing overhead costs by a minimum of 25%.

It was unfortunate that we had to part company with our founder and Managing Director, Frederik Dekker, last November. This was a difficult time for all concerned, but we wish him well in his new ventures.

Malcolm Butler

CHAIRMAN

15 OCTOBER 2013

Financial Review

Cash Management

Cash as at 30 June 2013 was £4.4m, of which the Company had projected further commitments of £3.3m, almost all relating to Guyane (pre-dilution) as the current four well drilling campaign draws to a conclusion.

As noted earlier in the Chairman's Statement, the combination of ongoing Guyane well costs during the second half of 2013 and the length of time required to generate new leads and prospects led the Board to conclude that action needed to be taken to ensure that the Company remains appropriately funded throughout 2014.

The Board considered various alternative methods of funding and concluded that the most certain and least dilutive option would be to trigger a contractual right contained in the Northpet Investments Limited ("Northpet") Shareholders Agreement. Northpet is the joint venture company that owns the 2.5% interest in the Guyane Maritime Permit and is currently 50% owned by each of Wessex and NP Offshore Holdings (UK) Limited ("NP"), a wholly-owned subsidiary of Northern Petroleum Plc (AIM:NOP). The contractual right allows the Company to give notice to NP of its intention not to contribute to monthly funding requests made by Northpet in respect of costs of the Guyane Maritime Permit and instead suffer pro-rata dilution in its shareholding in Northpet if NP pays Wessex's share of such requests. It is the Company's intention to conserve cash resources by giving such notice in respect of up to £1.5m of current and future funding requests.

In practical terms, this arrangement could take several months to complete. Thereafter, the Wessex shareholding in Northpet is projected to have settled at around 44% (reduced from 50%), or an effective interest in Guyane of around 1.1% (reduced from 1.25%). Wessex will lose the right to appoint one of its two directors to the board of Northpet. However, there will be no change of control of the board, as NP already has the right to appoint Northpet's Chairman.

Alongside this, the Board has commenced a non-project cost reduction programme. The majority of identified savings will be put in place over the balance of calendar 2013 to ensure that the Company receives the maximum benefit from these reductions across the whole of calendar 2014. The aim is to reduce overhead costs by a minimum of 25%. This amount includes partial waivers of salary and fees by the directors. It is worth noting that despite a number of exceptional items of expenditure in the year to 30 June 2013, the Company still managed to achieve a 5% reduction in non-project overhead costs.

These actions, together with the substantial fall in project costs as the Stena Icemax leaves Guyane, should provide sufficient time and resources for Wessex to optimize the value of its exploration interests during 2014.

£1.5m

IT IS THE COMPANY'S INTENTION TO CONSERVE CASH RESOURCES BY GIVING NP NOTICE IN RESPECT OF UP TO £1.5M OF CURRENT AND FUTURE FUNDING REQUESTS

44%

THE PROJECTED SHAREHOLDING IN THE NORTHPET JOINT VENTURE IF NOTICE OF UP TO £1.5M IS GIVEN

Financial Review

Consolidated Income Statement

In the year to 30 June 2013, the loss before taxation was £3.39m (2012: loss £1.64m) and loss per share was 0.47p (2012: loss 0.26p).

Administration costs were £1.88m (2012: £1.75m); of which £0.88m related to non-cash items (£0.36m of share option expense and an impairment charge of £0.52m made up of £0.26m in Juan de Nova, £0.18m in Western Sahara and an adjustment for historic expenditure of £0.08m). In addition, there was a loss of £1.6m arising from unsuccessful drilling in Guyane. Finance income was £0.12m (2012: £0.13m).

£3.39m

IN THE YEAR TO 30 JUNE 2013, THE LOSS BEFORE TAXATION WAS £3.39M OF WHICH £2.1M WAS RELATED TO IMPAIRMENT OF ASSETS

50%

IF THE JUAN DE NOVA RENEWAL APPLICATION IS SUCCESSFUL, WESSEX HAS THE RIGHT TO TAKE A 50% INTEREST

Impairment

Juan de Nova Est (£0.26m)

In September 2013, we announced that an application had been filed for a 5 year renewal of the Juan de Nova Est Permit. However, with uncertainty over the timescales involved and whether such a renewal will be granted, it was decided to fully impair the value of this permit. If a renewal is granted, Wessex has the right to take a 50% interest in the permit.

Sahawari Arab Democratic Republic (Western Sahara) (£0.18m)

Morocco first occupied this territory in 1975 and over the course of the last few years there appears to have been little movement towards the resolution of sovereignty. While we continue to believe these blocks have excellent prospectivity, the original licence agreements for Bojador and Guelta are now moving towards their 10 year renewal dates and it was decided that it would be appropriate to fully impair the licences and to expense costs going forward until the outcome of the political situation is more certain.

Guyane (£1.6m)

The treatment of costs related to the Guyane Maritime Permit is complicated by differences in accounting policy between Wessex and Northpet, the joint venture company which administers the interests held by Wessex and Northern Petroleum Plc (AIM:NOP). Whereas Wessex follows a Successful Efforts policy for its oil and gas assets, Northpet follows a Full Cost policy, which leads to significant differences in the way unsuccessful drilling is treated. Wessex accounts for its share of Northpet on the Parent Company balance sheet at cost less impairment, where the test for impairment is based on the carrying value of the entire investment. However, Wessex equity accounts for the share of the underlying net assets in the Consolidated balance sheet on a prospect-by-prospect basis.

Financial Review

Up until the announcement of GM-ES-3 (Priodontes), there was no material difference in the end results. However, once Priodontes was declared as unsuccessful, an impairment of the cost of the well was required in the Consolidated Accounts. In these results, we have made an impairment of £1.6m, being our share of the cost of the GM-ES-3 well as at 30 June 2013. Further costs of this well yet to be billed will be expensed as incurred. Although GM-ES-2 was an unsuccessful appraisal of the GM-ES-1 Zaedyus Prospect its costs have been capitalised pending the results of further evaluation of the extent of this discovery.

At year-end, the carrying cost of the Company's investment in Northpet was £8.66m (2012: £3.73m). The board considers that the potential value of its investment in Northpet exceeds that amount and no impairment is required in the Parent Company accounts.

As of 30 June 2013, the Consolidated balance sheet shows total equity and liabilities of £12.03m (2012: £15.05m) compared to shareholders' funds of £13.63m (2012: £15.03m) for the Parent Company.

£8.66m

CARRYING COST OF THE COMPANY'S INVESTMENT IN NORTHPET

£13.6m

VALUE OF PARENT COMPANY SHAREHOLDERS FUNDS

SUMMARY OF LICENCES HELD BY WESSEX

Licence	Interest (%)	Size (sq.km)	Partners	Operator	Expiry Date
French Territory South America Guyane Maritime Permit	1.25* [i]	24,100	Shell (45%), Tullow (27.5%) Total (25%), Northpet Investments (2.5%*)	Shell	Exploration Permit expires July 2016
South of England (UK)			NWE Mirrabooka (Subsidiary of Norwest Energy NL)	NWE Mirrabooka	
PEDL 238 (Traditional)	50	208.8			Exploration Licence expires June 2014
PEDL 239 (Traditional)	25	170.6			Exploration Licence expires June 2014
P1928 (Promote)	35	243.6			Exploration Licence expires February 2014**
French Territory Mozambique Channel Juan de Nova Est Permit	70* [ii]	9,010	Global Petroleum	Wessex*	Exploration Permit expires December 2013
SADR (Western Sahara)			Tower Resources	Wessex	10 year extendible Assurance Agreement***
Bojador	50	39,983			Renewal Option 2015
Guelta	50	15,760			Renewal Option 2016
Imlili	50	16,965			Renewal Option 2021

* Held beneficially pending the consent of the French authorities to permit assignments
**Promote Licence can be extended into a four year Traditional Licence
*** Production Sharing Contracts will become valid when Assurance Agreement conditions are met
[i] Subject to dilution, projected interest if notice of up to £1.5m is given is around 1.1%
[ii] If the renewal application is successful, Global Petroleum will operate and Wessex has the right to take a 50% interest

Project Review

Guyane

INTEREST HOLDINGS

Wessex, holding an effective 1.25 per cent interest (subject to dilution), is in partnership with **Shell** (Operator, holding 45 per cent), **Tullow** (27.5 per cent), **Total** (25 per cent) and **Northern Petroleum** (also an effective 1.25 per cent).

In the Shell-operated Guyane Maritime Permit (Wessex effective interest 1.25%, subject to dilution), the Stena Icemax drillship began a four-well drilling campaign in July 2012.

The first well, GM-ES-2, was an appraisal well, drilled about 7 kilometres up-dip from the GM-ES-1 Zaedyus discovery on the same lobe of the Cingulata Fan, and was drilled to a total depth of 6,200 metres. No oil-bearing sands were encountered.

The rig then moved to drill GM-ES-3, spudded on 29 December 2012 on the Priodontes lobe of the Cingulata Fan, 18 kilometres northwest of GM-ES-1. Although the prognosed thick sands were penetrated, no significant hydrocarbons were encountered and the well was plugged and abandoned at a total depth of 6,318 metres.

The rig was then moved 64 kilometres to the southeast and GM-ES-4 was spudded on the separate Cebus Fan on 3 May 2013. This well was drilled in 2,252 metres of water to a total depth of 6,292 metres, again without encountering significant hydrocarbons, and was completed on 23 July 2013.

The final well in the current campaign GM-ES-5 was spudded on 10 August 2013 in 2,353 metres of water on a prospect that lies 7 kilometres to the northeast of the GM-ES-1 Zaedyus discovery. It will test the down-dip limit of the accumulation of the initial discovery and explore additional sands that pinch out down-dip of the discovery well.

The Stena Icemax will leave Guyane once GM-ES-5 has been completed and no further drilling is currently planned before the end of 2014. The JV is considering filing for a new drilling permit.

In the meantime, the joint venture partners will evaluate the large volume of data derived from drilling to date, including source rock, migration and sedimentological studies. In addition, 4,000 kms^2 of new 3D seismic data were recorded over the Central Area in the last quarter of 2012. These were delivered from processing in August 2013 and interpretation is underway to generate new prospects for drilling.

Project Review

United Kingdom

INTEREST HOLDINGS

Wessex, alongside its Partner and Operator, **NWE Mirrabooka (UK) Pty. Ltd** (a fully owned subsidiary of ASX listed Norwest Energy NL) holds three licences in the South of England - PEDL 238: 50%; PEDL: 239: 25%; and P1928: 35%.

In Southern England, the Company continued evaluating its two large onshore licences, PEDL238 (Wessex interest 50%) and PEDL239 (25%), and its offshore Licence P1928 (35%).

A large volume of existing 2D and 3D seismic data was reprocessed over the second and third quarters of 2013 and we plan to acquire around 70 kilometres of new, shallow-water 2D seismic data in the northern part of P1928 during Q4 2013. Interpretation work is underway to define prospects suitable for drilling in 2014/15. The main areas of interest are the Steelhead (previously Hurst Castle) and Beluga leads, over which the new shallow-water seismic is being recorded, a new prospect in the southern part of the Isle of Wight (Godshill) and several fault block leads in line with the eastern end of Wytch Farm oil field.

In mid-2013, Wessex was instrumental in setting up a regional study group with adjacent operators to define and promote the potential of the Jurassic shales in the zone downthrown from the main Purbeck – Isle of Wight Fault Zone. The concept of the study group is to share data under a confidentiality agreement and make presentations to some of the major North American and European companies with interests in new shale plays. The group presented at the North American Prospect Expo (NAPE) in Houston during August 2013 and it will present at the forthcoming UK Prospex exhibition in December 2013. In the meantime, geophysical and geochemical evaluation continues.

The terms of the licences are such that there is limited time remaining to plan drilling activities. PEDL238 and PEDL239 both expire at the end of June 2014, unless a well is drilled by that date, and P1928 will expire in February 2014 if no commitment is made before that date to drill a well. The group is therefore working hard to bring in partners that can meet these deadlines.

Project Review

Juan de Nova

INTEREST HOLDINGS

Wessex will hold a 50% interest, if the renewal application is successful, alongside its Partner and Operator, **Jupiter Juan de Nova Limited** (a fully owned subsidiary of Global Petroleum Limited).

A petroleum systems review was carried out by independent contractors in the second quarter of 2013 to help understand the distribution of reservoirs, potential source rocks and structures within the area of the Juan de Nova Est Permit.

The conclusion of this work suggested that the prospectivity of the shallow water area was limited but that there was a sufficiently thick post-Turonian stratigraphic section in the deep water part of the block to justify further work. The prospective areas are considered to be limited to the northern and southern triangles of the permit.

The current period of the permit expires on 30 December 2013 and any application for renewal had to be made at least 4 months before this date. Therefore, an application for renewal was filed at the end of August 2013, requesting the retention of only 50% of the area of the original permit in accordance with relinquishment requirements. The retained area includes the northern and southern areas considered to be prospective. If the application for renewal is successful, the initial work programme is expected to be the acquisition of a grid of 2D seismic over the retained areas.

Wessex holds a 70% beneficial interest in the original permit but formal title to a legal interest in the permit requires the approval of the French authorities. Wessex was informed in January 2013 that no application for such approval had ever been filed and that it would be expected to take 15 months for approval to be received if an application was subsequently made.

As it would have been impossible to achieve this before the application for renewal was submitted, it was decided that Wessex's partner in the venture, Jupiter Petroleum Juan de Nova Limited ("Jupiter"), a wholly-owned subsidiary of Global Petroleum Limited (AIM:GBP, ASX:GBP) should file the application as holder of 100% of the legal title and operator of the renewed permit.

At the same time, Wessex and Jupiter entered into a joint venture agreement under which Wessex has the right to take a 50% interest in the permit and file a request for legal approval from the French authorities immediately, if and when, it is renewed.

Project Review

Saharawi Arab Democratic Republic (Western Sahara)

INTEREST HOLDINGS

Wessex, alongside its Partner **Tower Resources plc**, holds 3 licence blocks under Assurance Agreements in the SADR – Bojador 50%; Guelta 50%; and Imlili 50%. Wessex is the designated Operator.

Maghreb Exploration Ltd, a wholly owned subsidiary of Wessex holds Assurance Agreements giving it a 50% interest in, and operatorship of, the Bojador, Guelta and Imlili blocks.

Assurance Agreements are valid for periods of up to ten years and may be extended by mutual agreement. Contingent upon the meeting of certain external conditions, including recognition of Saharawi Arab Democratic Republic ("SADR") sovereignty and formulation of comprehensive tax laws, these Agreements will be converted to Production Sharing Agreements.

The areas covered by the blocks in which the Company has an interest lie almost completely in the zone controlled by Morocco since 1975 and there is currently no possibility of access. UN-sponsored talks continue between Morocco and the SADR government but there appears to be little progress made.

We continue to believe these blocks offer excellent prospectivity for oil and gas and the annualised cost of retaining these options is only US$45,000 (net to Wessex). However, with the original Assurance Agreements, over Bojador and Guelta, approaching their 10 year renewal dates and no clear path to resolution of the political issues, it was decided to make a full impairment of costs capitalised to date.

Report of the Directors

for the year ended 30 June 2013

The directors present their report together with the consolidated financial statements for the year ended 30 June 2013.

Principal Activities

Wessex Exploration PLC is a UK registered energy company, focused on the exploration for, and future development of, hydrocarbon projects.

Financial Risk Management and Objectives

The Group uses various financial instruments including cash and items such as debtors and creditors that arise directly from its operations. The existence of these financial instruments exposes the Group to a number of financial risks, which are described in notes 15 and 16 of the consolidated financial statements.

Business Review

A review of the Group and Company operations during the year ended 30 June 2013 is contained in the extended Chairman's Statement.

The loss for the year amounted to £3,389,514 (2012: £1,637,077). The directors do not recommend the payment of a dividend (2012: £nil).

Principal Risks and Uncertainties

Although the directors have extensive experience in the acquisition and development of assets similar to those held by the Company, as with all companies within the energy sector the business of oil and gas development involves varying degrees of risk. These risks include operating reliance, in some cases on third parties, the ability to exploit discoveries and the risk of cost overruns caused by equipment failure and bad weather in extreme deep water environments (such as Guyane).

The directors believe that they have mitigated risks, as far as reasonably practicable, by maintaining strong relationships with joint venture partners and project operators, implementing internal controls and continually reviewing and seeking to improve such controls as well as business processes and procedures.

Key Performance Indicators

- To ensure that the Company is appropriately funded throughout 2014.
- To achieve a minimum saving of 25% on non-project costs.
- To evaluate well and seismic results and generate new leads and prospects in the Guyane Maritime Permit.
- To define at least one prospect suitable for drilling in the South of England and achieve a farm-out.
- To conduct operations in a safe and environmentally responsible manner.

Directors

The directors in office at the end of the year, and their interests in the shares of the Company as at 1 July 2012 and 30 June 2013, were as shown in the table below.

	ORDINARY SHARES	
	30 June 2013	1 July 2012
Dr M Butler	1,400,000	–
Mr I Patrick (appointed 06.02.13)	930,000	–
Mr F Dekker (until 23.11.12)	–*	97,318,727
Mr A Yeo	5,500,000	1,983,332

*As at 3 March 2013, the date of the most recent notification to the company, Mr F Dekker had a deemed beneficial interest of 82,271,506 ordinary shares but is no longer a director.

	SHARE OPTIONS				
	30 June 2013	1 July 2012	Weighted average exercise price	Range of exercise prices	Weighted average contractual life
Dr M Butler	5,000,000	–	10p	10p	3 years
Mr I Patrick	2,000,000	–	7p	7p	3 years
Mr A Yeo	15,000,000	10,000,000	7p	5p-10p	3 years

Details of individual share option grants are shown in the tables below.

Grant date: 4 February 2013

	Number of options granted	Exercise price	Vesting date	Expiry date
Mr I Patrick	2,000,000	7p	4 February 2014-2016*	4 February 2023

Report of the Directors

for the year ended 30 June 2013

Grant date: 20 July 2012

	Number of options granted	Exercise price	Vesting date	Expiry date
Dr M Butler	5,000,000	10p	20 July 2013-2015*	20 July 2022
Mr A Yeo	5,000,000	10p	20 July 2013-2015*	20 July 2022

Grant date: 1 December 2011

	Number of options granted	Exercise price	Vesting date	Expiry date
Mr A Yeo	5,000,000	6p	1 December 2012-2014*	1 December 2021

Grant date: 21 December 2010

	Number of options granted	Exercise price	Vesting date	Expiry date
Mr A Yeo	5,000,000	5p	21 December 2011-2013*	21 December 2020

*The vesting period is one, two and three years from the date of grant - one third of the options vesting in each period.

Directors' Remuneration

The remuneration of the directors for the year ended 30 June 2013 was as follows:

	SALARIES AND FEES		PENSION CONTRIBUTIONS	
	2013 £	2012 £	2013 £	2012 £
Dr M Butler	90,090	–	11,000	–
Mr I Patrick	18,404	–	–	–
Mr F Dekker	79,487	120,000	16,667	–
Mr D Bramhill	–	152,282	–	–
Mr A Yeo	155,833	80,000	25,000	–

In addition to the remuneration shown above, the Group incurred share-based payment charges of £315,619 (2012: £336,531) in respect of the above named directors.

A copy of the Service Agreement in respect of each of the directors is available for inspection at the Company's Registered Office.

Annual General Meeting

The Annual General Meeting of the Company will be held on 12 December 2013 in accordance with the Notice of Annual General Meeting on page 50. Details of the resolutions to be passed are included in this notice.

Post Balance Sheet Events

As announced on 16 October 2013, Wessex elected to trigger a contractual right contained in the Northpet Investments Limited ("Northpet") Shareholders Agreement (Northpet is the holder of the 2.5% interest in the Guyane Maritime Permit) to conserve cash resources by opting out of paying up to £1.5m of the funding requests still expected to be made in 2013 by the Joint Venture. This arrangement could take several months to complete. Thereafter, the Wessex shareholding in Northpet is projected to have settled at around 44% (from 50%) or an effective interest in Guyane of around 1.1% (from 1.25%).

Payment Policy and Practice

It is the Group's policy to pay suppliers on the terms agreed with them. Average creditor days during the year were 14 (2012:14).

Auditor

A resolution to reappoint the auditor, Nexia Smith & Williamson Audit Limited, will be proposed at the forthcoming Annual General Meeting.

Disclosure of Information to the Auditor

The directors at the date of approval of this Annual Report individually confirm that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of Section 418 of the Companies Act 2006.

Company Name and Registered Number

The registered number of Wessex Exploration PLC is 03793723.

On behalf of the Board

Andy Yeo
Director

15 October 2013

Statement of Directors' Responsibilities

for the year ended 30 June 2013

The directors are responsible for preparing the Report of the Directors and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the consolidated financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and the Parent Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Reporting Standards and applicable law).

Under company law 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 Company and of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business;
- state whether applicable IFRSs as adopted by the European Union have been followed subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for ensuring that they meet their responsibilities under the AIM rules.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Corporate Governance Report

for the year ended 30 June 2013

The Company's securities are traded on the AIM Market of the London Stock Exchange ("AIM"). The Group has considered the Quoted Company Alliance ("QCA") corporate governance guidelines for AIM companies relevant to the company as published in 2012 and 2013.

There follows a brief description of the role of the Board and its Committees, and details of the Group's systems of internal financial control, which the Board continues to keep under review.

The Board

During the year the Board of directors of Wessex Exploration PLC consisted of two executive directors, one of whom acted as non-executive chairman, and one non-executive director, who were responsible for the proper management of the Group.

The Board will meet at least four times in the coming year to review trading performance and budgets, ensure adequate funding, set and monitor strategy, examine acquisition opportunities and report to shareholders. The Board has a formal schedule of matters specifically reserved to it for decisions.

The following Committees deal with specific aspects of the Group's affairs:

Remuneration Committee

The Remuneration Committee comprises Iain Patrick, who acts as its Chairman, and Malcolm Butler. It determines the employment terms and total remuneration of the executive directors and senior management.

The Committee makes recommendations to the Board on overall remuneration for the executive directors in order to attract, retain and motivate high quality executives capable of achieving the Group's objectives. The package comprises basic salary, share options and pension payments. Directors' remuneration for the year is shown in the Report of the Directors and note 20 on page 38.

Those disclosures form part of this report.

The remuneration of non-executive directors is determined by the Board.

Audit Committee

The Audit Committee comprises Iain Patrick, who acts as its Chairman, and Malcolm Butler. The Committee is responsible for considering a wide range of financial matters. It monitors the controls that are in place to ensure the integrity of the financial information reported to shareholders.

This Committee also provides a forum for reporting by the Group's auditor. The Chief Financial Officer may attend meetings by invitation.

Internal Financial Control

The directors are responsible for establishing and maintaining the Group's internal financial control systems. These are designed to meet the particular needs of the Group and the risks to which it is exposed, and by their nature can provide reasonable but not absolute assurance against material misstatement or loss.

The key procedures that the directors have established to provide effective internal financial controls are:

- **Corporate Accounting and Procedures**
  Responsibilities are communicated throughout the Group as part of the corporate communication procedure. Delegation of authority and authorisation limits, segregation of duties and other control procedures, together with the Company culture are included in these communications, and standard accounting procedures are in place to reflect this.
- **Quality and Integrity of Personnel**
  The integrity and competence of personnel is ensured through high recruitment standards and subsequent training. The quality of personnel is regarded as a critical part of the control environment and the ethical standards expected are communicated through senior members of staff and other communication channels.
- **Identification of Business Risks**
  The Board is responsible for identifying the major business risks faced by the Group and for determining the appropriate course of action to manage these risks.
- **Financial Reporting**
  The Group has a comprehensive system for reporting financial results to the Board.
- **Investment Appraisal**
  Capital expenditure is regulated by authorisation limits. For expenditure beyond the specified limits, detailed proposals are submitted to the Board. If an interest in a new project is being acquired, appropriate due diligence is undertaken.
- **Audit Committee**
  The Audit Committee monitors, through reports made to it, the controls that are in force and any perceived gaps in the control environment. The Audit Committee also considers and determines relevant action in respect of any control issues raised by the external auditor.

Going Concern

The directors have a reasonable expectation that the Group has adequate resources to enable it to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

By order of the Board

Brian Marshall FCA
Company Secretary

15 October 2013

Independent Auditor's Report on Consolidated Financial Statements

to the Members of Wessex Exploration PLC

We have audited the group financial statements of Wessex Exploration PLC ("the Company") for the year ended 30 June 2013 which comprise the Principal Accounting Policies, the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective Responsibilities of Directors and Auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 12, the directors are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the consolidated financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on Financial Statements

In our opinion:

- the consolidated financial statements give a true and fair view of the state of the Group's affairs as at 30 June 2013 and of the Group's loss for the year then ended;
- the consolidated financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the consolidated financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on Other Matters Prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements.

Matters on which we are Required to Report by Exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other Matter

We have reported separately on the Parent Company financial statements of Wessex Exploration PLC for the year ended 30 June 2013.

Carl Deane
Senior Statutory Auditor,
for and on behalf of

Nexia Smith & Williamson

Nexia Smith & Williamson Audit Limited
Statutory Auditor and Chartered Accountant
Portwall Place
Portwall Lane
Bristol
BS1 6NA

15 October 2013

Principal Accounting Policies

for the year ended 30 June 2013

Basis of Preparation

The annual consolidated financial statements of Wessex Exploration PLC ("the Group") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") applied in accordance with the provisions of the Companies Act 2006.

IFRS is subject to amendment and interpretation by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee, and there is an on-going process of review and endorsement by the European Commission. These accounting policies comply with each IFRS that is mandatory for accounting periods ending on 30 June 2013.

The financial statements have been prepared under the historical cost convention. The principal accounting policies set out below have been consistently applied to all periods presented.

Basis of Consolidation

The consolidated financial statements incorporate the results of the Company and entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

These financial statements consolidate the results and Balance Sheet of the Company and its wholly owned subsidiary using the acquisition method of accounting.

Entities whose economic activities are controlled jointly by the Group and by other venturers independent of the Group are accounted for using equity accounting.

Intra-Group transactions are eliminated on consolidation. Transactions, balances, income and expenses with Jointly Controlled Operations are eliminated to the extent of the Group's interest in these entities.

Jointly Controlled Operations

The Group participates in several Jointly Controlled Operations (unincorporated Joint Ventures) which involve the joint control of assets used in the Group's oil and gas exploration and producing activities. The Group accounts for its share of assets, liabilities, income and expenditure of Jointly Controlled Operations in which it holds an interest, classified in the appropriate Balance Sheet and Income Statement headings.

A list of the Group's interests in unincorporated Jointly Controlled Operations is given in note 9.

Jointly Controlled Entities

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are carried in the Consolidated Balance Sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the jointly controlled entities, less any impairment in the value of individual investments.

Losses of a jointly controlled entity in excess of the Group's interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the jointly controlled entity.

Where a Group entity transacts with a jointly controlled entity of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant jointly controlled entity.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker as required by IFRS 8 "Operating Segments". The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

Segment expenses are expenses that are directly attributable to a segment together with the relevant portion of expenses that can be reasonably allocated to the segment. Unallocated expenses relate to corporate head office expenses not recharged to the Company's subsidiaries or allocated to a business segment. Segment assets and liabilities include items that are directly attributable to a segment.

Finance Income

Interest is recognised using the effective interest method.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and deposits held at call with banks.

Principal Accounting Policies

for the year ended 30 June 2013

Financial Instruments

Financial assets and financial liabilities are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method.

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Foreign Currency

The functional and presentational currency for both the Company's financial statements and the Group's consolidated financial statements is Sterling.

Foreign currency transactions by Group companies are recorded in their functional currencies at the exchange rate at the date of the transaction. Monetary assets and liabilities have been translated at rates in effect at the balance sheet date, with any exchange adjustments being charged or credited to the Income Statement.

Share-Based Payments

Where share options and warrants have been granted to directors, employees and advisers, IFRS 2 has been applied, whereby the fair value of the options and warrants is measured at the grant date.

The fair value of options is spread over the period during which the employees become entitled to the options. The fair value of warrants is expensed immediately.

A valuation model is used to assess the fair value, taking into account the terms and conditions attached to the options and warrants. The fair value of goods and services received are measured by reference to the fair value of options and warrants.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date").

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified. An additional expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Exploration Costs

The Group follows a successful efforts based accounting policy for oil and gas assets.

Costs (including research costs) incurred prior to obtaining the legal rights to explore an area are expensed immediately to the Income Statement.

Expenditure incurred on the acquisition of a licence interest is initially capitalised on a licence by licence basis. Costs are held, un-depleted, within exploration costs until such a time as the exploration phase on the licence area is complete or commercial reserves have been discovered.

Exploration expenditure incurred in the process of determining exploration targets is capitalised initially within intangible assets as exploration costs. Exploration costs are initially capitalised on a well by well basis until the success or otherwise has been established. The success or failure of each exploration/evaluation effort is judged on a well by well basis. Drilling costs are written off on completion of a well unless the results indicate that hydrocarbon reserves exist and there is reasonable prospect that these reserves are commercially viable.

All such costs are subject to regular technical, commercial and management review on at least an annual basis to confirm the continued intent to develop or otherwise extract value from the discovery. Where this is no longer the case, the costs are immediately expensed.

Following evaluation of successful exploration wells, if commercial reserves are established and the technical feasibility of extraction demonstrated, and once a project is sanctioned for commercial development, then the related capitalised exploration/evaluation costs are transferred into a single field cost centre within development/producing assets after testing for impairment within Property, Plant and Equipment. Where results of exploration drilling indicate the presence of hydrocarbons which are ultimately not considered commercially viable, all related costs are written off to the Income Statement.

Principal Accounting Policies

for the year ended 30 June 2013

All costs incurred after the technical feasibility and commercial viability of producing hydrocarbons has been demonstrated are capitalised within development/producing assets on a field by field basis. Subsequent expenditure is capitalised only where it either enhances the economic benefits of the development/producing asset or replaces part of the existing development/producing asset. Any costs remaining associated with the part replaced are expensed.

Net proceeds from any disposal of an exploration asset are initially credited against the previously capitalised costs. Any surplus proceeds are credited to the Income Statement.

Plug and suspend and demobilisation costs have been included within the exploration costs where the directors consider that these costs will be material at the end of each project's life.

Property, Plant and Equipment

Property, plant and equipment is stated at historical cost less depreciation less any recognised impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of these items. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the costs can be measured reliably. All other costs, including repairs and maintenance costs, are charged to the Income Statement in the period in which they are incurred.

Depreciation is provided on all property, plant and equipment and is calculated on a reducing basis as follows:

Plant and equipment	25%

Depreciation is provided on cost less residual value. The residual value, depreciation methods and useful lives are annually reassessed.

Each asset's estimated useful life has been assessed with regard to both its own physical life limitations and the present assessment of economically recoverable reserves of the mine property at which the item is located, and to possible future variations in those assessments. Estimates of remaining useful lives are made on a regular basis for all mine buildings, machinery and equipment, with annual reassessments for major items. Changes in estimates which affect unit production calculation are accounted for prospectively.

Where property, plant and equipment has been acquired for the purposes of exploration, and technical feasibility of the project has yet to be established, the depreciation on the property, plant and equipment is added back to the cost of the intangible assets within exploration costs.

The gain or loss arising on disposal or scrapping of an asset is determined as the difference between the sale proceeds, net of selling costs, and the carrying amount of the asset and is recognised in the Income Statement.

Impairment of Assets Other than Intangible Assets with an Indefinite Life

At each balance sheet date, the directors review the carrying amounts of the Group's tangible and intangible assets, other than intangible assets with an indefinite life, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that it does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods. A reversal of an impairment loss is recognised in the Income Statement immediately.

Current Taxation

Current tax for each taxable entity in the Group is based on the local taxable income at the local statutory tax rate enacted or substantively enacted at the balance sheet date and includes adjustments to tax payable or recoverable in respect of previous periods.

Principal Accounting Policies

for the year ended 30 June 2013

Deferred Taxation

Deferred taxation is calculated using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred tax arises from the 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 or loss, it is not recognised. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred 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 profits will be available against which the temporary differences can be utilised.

Employment Benefits

Provision is made in the financial statements for all employee benefits. Liabilities for wages and salaries, including non-monetary benefits and annual leave obliged to be settled within 12 months of the balance sheet date, are recognised in accruals.

The group's contributions to directors' pension plans are charged to the Income Statement in the period to which they relate.

Equity

Equity comprises the following:

- "Share capital" represents amounts subscribed for shares at nominal value.
- "Share premium" represents amounts subscribed for share capital, net of issue costs, in excess of nominal value.
- "Retained earnings" represents the accumulated profits and losses attributable to equity shareholders.
- "Share-based payment reserve" represents the accumulated amounts credited to equity in respect of options to acquire ordinary shares in the Company.

International Financial Reporting Standards in Issue but not yet Effective

At the date of authorisation of these consolidated financial statements, the IASB and IFRS Interpretations Committee have issued standards, interpretations and amendments which are applicable to the Group. Whilst these standards and interpretations are not effective for, and have not been applied in the preparation of, these consolidated financial statements, the following may have a material impact going forward.

New/Revised International Financial Reporting Standards		Effective Date: Annual periods beginning on or after:	EU adopted	Impact on Wessex Exploration PLC
IAS 27	Separate Financial Statements	1 January 2013	Yes	Disclosure only
IAS 28	Investment in Associates and Joint Ventures	1 January 2013	Yes	Disclosure only
IAS 36	Recoverable Amount Disclosures for Non-Financial Assets (Amendment)	1 January 2014	No	Disclosure only
IFRS 9	Financial Instruments: Classification and Measurement	1 January 2015	No	Classification and measurement of financial instruments
IFRS 10	Consolidated Financial Statements	1 January 2013	Yes	No impact expected
IFRS 11	Joint Arrangements	1 January 2013	Yes	No impact expected
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013	Yes	Disclosure only
IFRS 13	Fair Value Measurement	1 January 2013	Yes	Measurement of financial instruments

Principal Accounting Policies

for the year ended 30 June 2013

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Reserve Estimates

Reserves are estimates of the amount of product that can be economically and legally extracted from the Group's properties. In order to calculate the reserves, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates.

Estimating the quantity and/or grade of reserves requires the size, shape and depth of fields to be determined by analysing geological data such as drilling samples. This process may require complex and difficult geological judgements and calculations to interpret the data.

Given that the economic assumptions used to estimate reserves change from period to period, and because additional geological data is generated during the course of operations, estimates of reserves may change from period to period. Changes in reported reserves may affect the Group's financial results and financial position in a number of ways, including the following:

- Asset carrying values may be affected by possible impairment due to adverse changes in estimated future cash flows;
- Depreciation, depletion and amortisation charged in the Income Statement may change where such charges are determined by the units of production basis, or where the useful economic lives of assets change.

Exploration and Evaluation Costs

The Group's accounting policy leads to the development of tangible and intangible fixed assets, where it is considered likely that the amount will be recoverable by future exploitation or sale, or alternatively where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. This requires management to make estimates and assumptions as to the future events and circumstances, especially in relation to whether an economically viable extraction operation can be established. Such estimates are subject to change and following initial capitalisation, should it become apparent that recovery of the expenditure is unlikely, the relevant capitalised amount will be written off to the Income Statement.

Impairment of Property, Plant and Equipment

Management reviews property, plant and equipment at each balance sheet date to determine whether there are any indications of impairment. If any such indication exists, an estimate of the recoverable amount is performed, and an impairment loss is recognised to the extent that the carrying amount exceeds recoverable amount.

Share-Based Payments

In determining the fair value of equity settled share-based payments and the related charge to the Income Statement, the Company makes assumptions about future events and market conditions; in particular, judgement must be made as to the likely number of shares that will vest, and the fair value of each award granted. The fair value is determined using a valuation model which is dependent on further estimates, including the Company's future dividend policy, the timing with which options will be exercised and the future volatility in the price of the Company's shares.

Different assumptions about these factors to those made by the Company could materially affect the reported value of share-based payments.

Consolidated Income Statement

for the year ended 30 June 2013

	Notes	2013 £	2012 £
Revenue		–	–
Administrative expenses		(1,877,722)	(1,746,988)
Operating loss	2	(1,877,722)	(1,746,988)
Finance income	4	114,654	129,601
Share of losses of joint ventures	10	(1,626,446)	(19,690)
Loss before taxation		(3,389,514)	(1,637,077)
Taxation	5	–	–
Loss for the financial year		(3,389,514)	(1,637,077)
Attributable to:			
Equity shareholders of the Company		(3,389,514)	(1,637,077)
Loss per share			
Basic and diluted loss per share (pence)	6	(0.47)	(0.26)

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2013

	Notes	2013 £	2012 £
Loss for the financial year		(3,389,514)	(1,637,077)
Other comprehensive income		–	–
Other comprehensive income for the financial year, net of tax		–	–
Total comprehensive loss for the financial year		(3,389,514)	(1,637,077)

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated Balance Sheet

as at 30 June 2013

	Notes	**2013** **£**	2012 £
Assets			
Non-current assets			
Property, plant and equipment	7	729	1,461
Intangible assets	8	564,854	864,069
Investments in joint ventures	10	6,991,574	3,684,552
		7,557,157	4,550,082
Current assets			
Trade and other receivables	11	30,984	261,876
Cash and cash equivalents	12	4,442,258	10,241,117
		4,473,242	10,502,993
Total assets		12,030,399	15,053,075
Equity and liabilities			
Capital and reserves attributable to the Company's equity shareholders			
Share capital	13	724,343	724,343
Share premium account		16,800,122	16,800,122
Share-based payments reserve		844,228	483,987
Retained earnings		(6,392,443)	(3,002,929)
Total equity		11,976,250	15,005,523
Current liabilities			
Trade and other payables	19	54,149	47,552
Total liabilities		54,149	47,552
Total equity and liabilities		12,030,399	15,053,075

The financial statements were approved by the Board of Directors on 15 October 2013 and were signed on its behalf by:

Andy Yeo
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2013

	Share capital £	Share premium account £	Retained earnings £	Share-based payment reserve £	Total £
Balance at 1 July 2012	724,343	16,800,122	(3,002,929)	483,987	15,005,523
For the financial year ended 30 June 2013					
Loss for the year	–	–	(3,389,514)	–	(3,389,514)
Total comprehensive income	–	–	(3,389,514)	–	(3,389,514)
Share option expense	–	–	–	360,241	360,241
Balance at 30 June 2013	**724,343**	**16,800,122**	**(6,392,443)**	**844,228**	**11,976,250**
Balance at 1 July 2011	479,365	5,509,935	(1,365,852)	147,456	4,770,904
For the financial year ended 30 June 2012					
Loss for the year	–	–	(1,637,077)	–	(1,637,077)
Total comprehensive income	–	–	(1,637,077)	–	(1,637,077)
Issue of share capital	244,978	11,904,381	–	–	12,149,359
Issue costs	–	(614,194)	–	–	(614,194)
Share option expense	–	–	–	336,531	336,531
Balance at 30 June 2012	**724,343**	**16,800,122**	**(3,002,929)**	**483,987**	**15,005,523**

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 30 June 2013

	Notes	2013 £	2012 £
Cash flow from operating activities	24	(764,638)	(1,285,986)
Cash flow from investing activities			
Purchase of intangible assets		(215,407)	(375,130)
Investments in joint ventures		(4,933,468)	(2,169,322)
Interest received		114,654	24,273
Net cash used in investing activities		(5,034,221)	(2,520,179)
Cash flow from financing activities			
Proceeds on issue of new shares		–	12,149,359
Expenses of new share issue		–	(614,194)
Net cash generated from financing activities		–	11,535,165
Net (decrease)/increase in cash and cash equivalents		(5,798,859)	7,729,000
Cash and cash equivalents at beginning of financial year		10,241,117	2,512,117
Cash and cash equivalents at end of financial year	12	4,442,258	10,241,117

The accompanying accounting policies and notes form an integral part of these financial statements.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2013

1 Segmental Reporting

Operating segments

The Group has only one operating segment: the exploration for, and future development of, hydrocarbon projects principally in the UK and Guyane.

A split of the geographical segments is as follows:

	UK £	Guyane £	Other projects £	Total £
Year ended 30 June 2013				
Operating loss	(1,429,191)	–	(448,531)	(1,877,722)
Finance income	114,654	–	–	114,654
Share of loss of joint ventures	–	(1,626,446)	–	(1,626,446)
Loss before taxation	(1,314,537)	(1,626,446)	(448,531)	(3,389,514)
Taxation	–	–	–	–
Loss for the year	(1,314,537)	(1,626,446)	(448,531)	(3,389,514)
Total assets	5,034,884	6,991,574	3,941	12,030,399
Total liabilities	(54,149)	–	–	(54,149)
Net assets	4,980,735	6,991,574	3,941	11,976,250
Investment in joint ventures	–	4,933,468	–	4,933,468
Capital expenditure	178,065	–	37,342	215,407
Depreciation	732	–	–	732
Impairment	72,557	1,602,564	442,065	2,117,186
Share-based payment costs	360,241	–	–	360,241

	UK £	Guyane £	Other projects £	Total £
Year ended 30 June 2012				
Operating loss	(1,746,397)	–	(591)	(1,746,988)
Finance income	129,601	–	–	129,601
Share of loss of joint ventures	–	(19,690)	–	(19,690)
Loss before taxation	(1,616,796)	(19,690)	(591)	(1,637,077)
Taxation	–	–	–	–
Loss for the year	(1,616,796)	(19,690)	(591)	(1,637,077)
Total assets	10,891,097	3,684,552	477,426	15,053,075
Total liabilities	(47,552)	–	–	(47,552)
Net assets	10,843,545	3,684,552	477,426	15,005,523
Investment in joint ventures	–	2,169,322	–	2,169,322
Capital expenditure	346,946	–	28,184	375,130
Depreciation	731	–	–	731
Impairment	250,024	–	–	250,024
Share-based payment costs	336,531	–	–	336,531

The results of each segment have been prepared using accounting policies consistent with those of the group as a whole.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2013

2 Operating Loss

	2013	2012
	£	£
Operating loss is stated after charging/(crediting):		
Fees payable to the Company's auditor for the audit of the annual financial statements	19,000	19,000
Fees payable to the Company's auditor and its associates for other services to the Group:		
Audit-related assurance services	2,750	3,250
Tax compliance services	4,200	3,915
Tax advisory services	3,090	595
The audit of the Company's subsidiary pursuant to legislation	2,000	2,000
Depreciation	732	731
Impairment	2,117,186	250,024
Reinstatement of loans written off	41,997	51,000
Foreign Exchange	(63,680)	(35,292)

3 Directors and Employees

The aggregate payroll costs of the employees, including both management and executive directors, were as follows:

	2013	2012
	£	£
Staff costs		
Wages and salaries	380,814	389,281
Social security costs	43,885	42,041
Pension costs	52,667	–
	477,366	431,322
Equity settled share-based payments	315,619	336,531
	792,985	767,853

Average monthly number of persons employed by the Group during the year was:

	2013	2012
	Number	Number
Management	3	3
Administrative	2	2
	5	5

	2013	2012
	£	£
Compensation of key management was as follows:		
Short term benefits	343,814	352,282
Share-based payments	315,619	336,531
Post-employment benefits (pension costs)	52,667	–
	712,100	688,813
Social security costs	43,267	41,374
	755,367	730,187

Key management consists of all the directors.

The number of directors accruing benefits under money purchase pension scheme arrangements was 3 (2012: nil).

Details of each Director's remuneration and their share options are included in the Report of the Directors.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2013

3 Directors and Employees (continued)

Highest paid director:

	2013	2012
	£	£
Remuneration	155,833	152,282
Share-based payments	175,302	199,309
Pension contributions	25,000	–
Aggregate emoluments and benefits	356,135	351,591

4 Finance Income

	2013	2012
	£	£
Bank interest	114,654	129,601

5 Taxation

There was no current tax charge for the year due to the loss incurred (2012: £nil).

Reconciliation of the effective tax charge

	2013	2012
	£	£
Loss before taxation	(3,389,514)	(1,637,077)
Loss before tax multiplied by standard rate of corporation tax in the UK of 23.75% (2012: 25.5%)	(805,010)	(417,455)
Tax effects of:		
Expenses not deductible for tax purposes	20,869	35,828
Gains not taxable	(15,124)	(8,999)
Capital allowances for period in excess of depreciation	174	284
Tax losses not utilised within the year	799,091	390,342
Tax expense and effective tax rate	–	–

The amount of unused tax losses are as follows:

	2013	2012
	£	£
Unutilised trading losses	4,859,633	2,823,314

A deferred tax asset in respect of trading losses has not been recognised due to the uncertainty over timing of future profits. This unprovided deferred tax asset is recoverable against suitable future trading profits.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2013

6 Loss Per Share

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

Given the Group's reported loss for the year share options are not taken into account when determining the weighted average number of ordinary shares in issue during the year and therefore the basic and diluted earnings per share are the same.

Basic and diluted loss per share

	2013 Pence	2012 Pence
Loss per share from continuing operations	(0.47)	(0.26)

The loss and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2013 £	2012 £
Loss used in the calculation of total basic and diluted earnings per share	(3,389,514)	(1,637,077)

	2013 Number	2012 Number
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	724,343,472	619,095,664
If the Company's share options were taken into consideration in respect of the Company's weighted average number of ordinary shares for the purposes of diluted earnings per share, it would be as follows:		
Number of shares		
Potential dilutive effect of share options and warrants	37,949,315	31,452,726
Weighted average number of ordinary shares for the purposes of diluted earnings per share	762,292,787	650,548,390

Notes to the Consolidated Financial Statements

for the year ended 30 June 2013

7 Property, Plant and Equipment

	Plant and equipment £
Cost	
At 1 July 2011, 30 June 2012 and 30 June 2013	11,529
Accumulated depreciation	
At 1 July 2011	9,337
Charge	731
At 30 June 2012	10,068
Charge	732
At 30 June 2013	10,800
Net book value	
At 30 June 2013	729
At 30 June 2012	1,461
At 30 June 2011	2,192

Notes to the Consolidated Financial Statements

for the year ended 30 June 2013

8 Intangible Assets

	Exploration costs £
Cost	
At 1 July 2011	877,338
Additions	375,130
At 30 June 2012	1,252,468
Additions	215,407
At 30 June 2013	1,467,875
Amortisation and impairment	
At 1 July 2011	138,375
Impairment	250,024
At 30 June 2012	388,399
Impairment	514,622
At 30 June 2013	903,021
Net book value	
At 30 June 2013	564,854
At 30 June 2012	864,069
At 30 June 2011	738,963

Management reviews each exploration project for indications of impairment at each balance sheet date.

Such indications would include abandoned wells and relinquishment of acreage under licence.

As a result the management took the decision to impair in full the amounts invested in the Juan de Nova and Western Sahara (SADR) projects.

Full details of the reasons for the impairment decisions can be found in the Financial Review, on page 4.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2013

9 Investment in Jointly Controlled Operations

The Group has entered into the following unincorporated Jointly Controlled Operations, which are included within the Group's financial statements:

Name of project	Principal activity	Interest
Juan de Nova Est.	Oil and gas development	70%
PEDL 238	Oil and gas development	50%
PEDL 239	Oil and gas development	25%
P1928	Oil and gas development	35%
SADR Bojador Block	Oil and gas development	50%
SADR Guelta Block	Oil and gas development	50%
SADR Imlili Block	Oil and gas development	50%

At the balance sheet dates there were no contingent liabilities or contingent assets in respect of any of the Jointly Controlled Operations.

At the balance sheet dates there were no firm capital commitments in respect of any of the Jointly Controlled Operations.

10 Investments in Joint Ventures

The Company has an investment in the following joint venture undertaking:

	Accounting reference date	Country of incorporation	Principal activity	Interest
Northpet Investments Limited	31 December	England & Wales	Investment in oil and gas exploration, development and production opportunities	50%

Northpet Investments Limited is a joint venture between Wessex Exploration PLC and NP Offshore Holdings (UK) Limited. It administers the interests held by each of the two partners in the Guyane Maritime Permit.

Each partner owns 50% of the issued share capital of the company.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2013

10 Investments in Joint Ventures (continued)

The Group's investment in Joint Ventures at the balance sheet date comprises:

	Investments in Joint Ventures £
Cost	
As at 1 July 2012	3,684,552
Additions	4,933,468
As at 30 June 2013	8,618,020
Share of Joint Venture operating loss on ordinary activities	(1,626,446)
Net investment in Joint Ventures	6,991,574

The following amounts are included in the Group financial statements within investments as a result of the consolidation of Northpet Investments Limited:

	2013 £	2012 £
Income	–	–
Expenses	(1,626,446)	(26,595)
Assets		
Non-current assets	7,338,051	3,622,507
Current assets	18,962	150,558
Liabilities		
Current liabilities	(365,440)	(88,513)

The Joint Venture had capital commitments of £6.2m in respect of the Guyane project as at 30 June 2013 (2012: £4.5m).

There were no contingent liabilities at 30 June 2013 (2012: £nil).

The Guyane Maritime Permit interest is held through a 50% interest in the share capital of Northpet Investments Limited ("Northpet"), which holds a 2.5% direct working interest. The remaining 50% shareholding is held by NP Offshore Holdings (UK) Limited ("NP"), a wholly-owned subsidiary of Northern Petroleum Plc ("NOP"). The operation of Northpet is controlled by a Shareholders Agreement signed between Wessex and NP on 9 July 2008. NP has the right to appoint the Chairman of the board.

NOP acts as administrator of the Joint Venture and receives the Operator's cash call usually within the first two weeks of each month which then becomes payable 15 days from the date of the cash call statement. When it receives this cash call, Northpet issues a funding request to each of its shareholders for their pro rata share of the Operator's request and any Northpet administrative costs. Cash paid to Northpet in response to this request is treated as a subscription for Ordinary Shares of £1 in Northpet at a fixed price of £1,250 per share. At the end of September 2013, there were 16,176 ordinary shares in issue, split equally between Wessex and NP.

In principle, all finance is provided to Northpet on a basis that is pro rata to the shareholdings. However, either shareholder may elect not to provide finance in respect of any funding request by so notifying the other shareholder within 14 days of receiving the request from Northpet. The other shareholder must then either make up any shortfall in the Northpet funding request by subscribing for more than its original pro rata entitlement of new shares or cause Northpet to fail to make the Operator's cash call, which would trigger default under the Joint Operating Agreement for the Guyane Maritime Permit.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2013

11 Trade and Other Receivables

	2013 £	2012 £
Trade receivables	–	209,133
Other receivables	30,984	52,743
	30,984	261,876

The directors consider that the carrying values of trade and other receivables are approximate to their fair value.

All of the Group's receivables have been reviewed for indications of impairment. None of the receivables were found to be impaired as at 30 June 2013 (2012: £nil).

No unimpaired receivables are past due as at the reporting date (2012: £nil).

12 Cash and Cash Equivalents

	2013 £	2012 £
Cash at bank (GBP)	2,014,607	9,608,010
Cash at bank (USD)	2,427,651	633,107
	4,442,258	10,241,117

13 a) Share Capital

	2013 £	2012 £
Allotted, issued and fully paid		
724,343,472 shares (2012: 724,343,472 shares) of 0.1 pence	724,343	724,343

Allotments during the year
The Company did not issue any ordinary shares during the year: (2012: 244,978,646 ordinary shares were issued for a premium, net of costs, of £11,290,187).

Notes to the Consolidated Financial Statements

for the year ended 30 June 2013

13 b) Share-Based Payments – Options and Warrants

The Company has a share option scheme for all directors and senior management. The vesting period is one, two and three years – one third of the options vesting in each period. The options are settled in equity once exercised.

If the options remain unexercised after a period of 10 years from the date of grant, the options expire.

Details of the number of share options and warrants and the weighted average exercise price (WAEP) outstanding during the year are as follows:

2013	Number of options	WAEP £
Outstanding at the beginning of the year	33,500,000	0.05
Issued	12,000,000	0.10
Forfeited	(10,000,000)	0.06
Outstanding at the year end	35,500,000	0.07
Number exercisable at 30 June 2013	12,333,333	0.07

2012	Number of options	WAEP £	Number of warrants	WAEP £
Outstanding at the beginning of the year	18,500,000	0.05	4,978,648	0.03
Issued	15,000,000	0.06	–	–
Exercised	–	–	(4,978,648)	0.03
Outstanding at the year end	33,500,000	0.05	–	–
Number exercisable at 30 June 2012	6,166,667	0.05	–	–

The weighted average share price at the date of exercise of the above warrants was 8.53p.

The fair values were calculated using the Black Scholes model. The inputs into the model are as follows:

Date of grant	21 December 2010	1 December 2011	20 July 2012	4 February 2013
Number granted	18,500,000	15,000,000	10,000,000	2,000,000
Share price at date of grant	4p	5.65p	6.75p	4.03p
Exercise price	5p	6p	10p	7p
Expected volatility	60%	80%	89%	65%
Expected life	5.5, 6 and 6.5 years	5.5, 6 and 6.5 years	5.5, 6 and 6.5 years	5.5, 6 and 6.5 years
Risk free rate	2.4%	1.1879%	0.6749%	1.0476%
Expected dividend yield	0%	0%	0%	0%
Fair value of options granted at date of grant	£315,514	£571,229	£452,239	£38,571
Earliest vesting date	21 December 2011	1 December 2012	20 July 2013	4 February 2014
Expiry date	21 December 2020	1 December 2021	20 July 2022	4 February 2023

For all options granted, these vest 33.3% after 1 year, 33.3% after 2 years and 33.3% after 3 years.

Expected volatility was determined based on the historic volatility of the Company. 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 Company recognised total expenses of £360,241 (2012: £336,531) related to equity-settled share-based payment transactions during the year.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2013

14 Financial Instruments

Classification of financial instruments
The tables below set out the Group's accounting classification of each class of its financial assets and liabilities.

Financial assets

At 30 June 2013	Loans and other receivables £	Total carrying value £
Trade receivables	–	–
Other receivables	30,984	30,984
Cash and cash equivalents	4,442,258	4,442,258
	4,473,242	4,473,242

At 30 June 2012	Loans and other receivables £	Total carrying value £
Trade receivables	209,133	–
Other receivables	52,743	52,743
Cash and cash equivalents	10,241,117	10,241,117
	10,502,993	10,293,860

All of the above financial assets' carrying values are approximate to their fair values, as at 30 June 2013 and 2012, given their nature and short times to maturity.

Financial liabilities

At 30 June 2013	Measured at amortised cost £	Total carrying value £
Trade payables	8,032	8,032
Accruals	46,117	46,117
	54,149	54,149

At 30 June 2012	Measured at amortised cost £	Total carrying value £
Trade payables	26,552	26,552
Accruals	21,000	21,000
	47,552	47,552

All of the above financial liabilities' carrying values are approximate to their fair values, as at 30 June 2013 and 2012, given their nature and short times to maturity.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2013

15 Financial Instrument Risk Exposure and Management

The principal financial risks to which the Group is exposed are: interest rate risk, foreign exchange risk, liquidity risk and credit risk. This note describes the Group's objectives, policies and process for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented in notes 11, 12, 14 and 16.

There have been no substantive changes to the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from the previous year.

Liquidity risk
Liquidity risk is dealt with in note 16 of these financial statements.

Foreign exchange risk
Foreign exchange risk is limited to the US$ bank account held by the Company.

The majority of project costs are paid in US dollars. The Company looks to maintain sufficient US dollar balances to cover budgeted costs up to 3 months in advance.

From time to time, the Company may choose to make additional purchases depending on the prevailing exchange rate.
The Company takes its budgeted rate as the US dollar closing price for 30 June each year.

The following table indicates the impact of a change in foreign exchange rate on the value of US dollars held at the balance sheet date on the group's equity.

	Change in GBP/US$ exchange rate	2013 GBP	Change in GBP/US$ exchange rate	2012 GBP
US Dollars	+0.5%	(12,008)	+0.5%	(2,054)
	- 0.5%	12,008	- 0.5%	2,054

Credit risk
The Group's credit risk is primarily attributable to its cash balances.

The credit risk on liquid funds is limited because the third parties are large international banks.

The Group's total credit risk amounts to the total of the sum of the receivables, cash and cash equivalents. At the year end this amounts to £4,473,242 (2012: £10,502,993).

Notes to the Consolidated Financial Statements

for the year ended 30 June 2013

15 Financial Instrument Risk Exposure and Management (continued)

Interest rate risk and sensitivity analysis

The Group's only exposure to interest rate risk is the interest received on the cash held on deposit. The Group does not have any interest bearing borrowings.

The following table indicates the impact of a change in interest rate on the interest received during the year, and with all other variables being held constant, on the Group's loss before tax.

	Change in interest rate	2013 £	Change in interest rate	2012 £
Sterling	+0.5%	10,073	+0.5%	48,040
	+1.0%	20,146	+1.0%	96,080
	+1.5%	30,219	+1.5%	144,120
	-0.5%	(10,073)	-0.5%	(48,040)
	-1.0%	(20,146)	-1.0%	(96,080)
	-1.5%	(30,219)	-1.5%	(144,120)
US Dollars	+0.5%	12,138	+0.5%	2,029
	+1.0%	24,276	+1.0%	4,057
	+1.5%	36,414	+1.5%	6,086
	-0.5%	(12,138)	-0.5%	(2,029)
	-1.0%	(24,276)	-1.0%	(4,057)
	-1.5%	(36,414)	-1.5%	(6,086)

16 Liquidity Risk

In managing liquidity risk, the main objective of the Group is to ensure that it has the ability to pay all of its liabilities as they fall due. The Group monitors its levels of working capital to ensure that it can meet its debt repayments as they fall due. The table below shows the undiscounted cash flows on the Group's financial liabilities as at 30 June 2013 on the basis of their earliest possible contractual maturity.

	Total £	Within 2 months £	Within 2 – 6 months £	6 – 12 months £	Greater than 12 months £
At 30 June 2013					
Trade payables	8,032	8,032	–	–	–
Accruals	46,117	–	46,117	–	–
	54,149	8,032	46,117	–	–
At 30 June 2012					
Trade payables	26,552	26,552	–	–	–
Accruals	21,000	–	21,000	–	–
	47,552	26,552	21,000	–	–

Notes to the Consolidated Financial Statements

for the year ended 30 June 2013

17 Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, add shareholder value and to maintain an optimal capital structure to reduce the cost of capital. The Group defines capital as being share capital plus reserves as disclosed in the consolidated balance sheet.

The Board of Directors monitors the level of capital as compared to the Group's commitments and adjusts the level of capital as is determined to be necessary, by issuing new shares.

The Group is not subject to any externally imposed capital requirements.

18 Financial Commitments

At 30 June 2013 the Group had capital commitments of £3.3m of which £3.1m was in respect of the Guyane project (2012: £2.25m), and £0.2m was in respect of other projects.

19 Trade and Other Payables

	2013 £	2012 £
Trade payables	8,032	26,552
Accruals	46,117	21,000
	54,149	47,552

20 Related Party Transactions

During the year the Group acquired additional shares in its Joint Venture investment, Northpet Investments Limited, paying £4,933,468 into the Joint Venture (2012: £2,169,322).

During the year the balance of £41,997 of the reinstated loan from F E Dekker that was outstanding at 30 June 2012 was repaid in full. The maximum amount that was outstanding during the year was £41,997.

The only other related party transactions during the year were with the directors and key management.

	Short-term benefits	
	2013 £	2012 £
Directors' remuneration:		
Mr F Dekker	79,487	120,000
Mr D Bramhill	–	152,282
Mr A Yeo	155,833	80,000
Dr M Butler	90,090	–
Mr I Patrick	18,404	–
	343,814	352,282
Social security costs	43,267	41,374
	387,081	393,656

In addition to the remuneration shown above, the Group incurred share-based payment charges of £315,619 (2012: £336,531) in respect of the above named directors.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2013

21 Investment in Subsidiaries

The Group's Parent Company holds the issued share capital of the following subsidiary undertaking, which is incorporated in the UK and has been included in these consolidated financial statements.

Company	Principal activities	Class	Percentage holding
Maghreb Exploration Limited	Oil and gas development	Ordinary	100%

22 Contingent Liabilities

The directors are not aware of any contingent liabilities that require disclosure within the Group at 30 June 2013.

23 Ultimate Controlling Party

As at 30 June 2013, Wessex Exploration PLC had no ultimate controlling party.

24 Cash Flow from Operating Activities

	2013 £	2012 £
Loss for the financial year	(3,389,514)	(1,637,077)
Finance income	(114,654)	(129,601)
Share-based payment	360,241	336,531
Loss from joint venture	1,626,446	19,690
Depreciation	732	731
Impairment of intangible assets	514,622	250,024
	(1,002,127)	(1,159,702)
Changes in working capital		
Decrease/(increase) in trade and other receivables	230,892	(104,237)
Increase/(decrease) in trade and other payables	6,597	(22,047)
Net cash outflow from operating activities	(764,638)	(1,285,986)

25 Post Balance Sheet Events

As announced on 16 October 2013, Wessex elected to trigger a contractual right contained in the Northpet Investments Limited ("Northpet") Shareholders Agreement (Northpet is the holder of the 2.5% interest in the Guyane Maritime Permit) to conserve cash resources by opting out of paying up to £1.5m of the funding requests still expected to be made in 2013 by the Joint Venture. This arrangement could take several months to complete. Thereafter, the Wessex shareholding in Northpet is projected to have settled at around 44% (from 50%) or an effective interest in Guyane of around 1.1% (from 1.25%).

PARENT COMPANY

Independent Auditor's Report on the Parent Company Financial Statements

to the Members of Wessex Exploration PLC

We have audited the Parent Company financial statements of Wessex Exploration PLC ('the Company') for the year ended 30 June 2013 which comprise the Parent Company Balance Sheet and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective Responsibilities of Directors and Auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 12, the directors are responsible for the preparation of the Parent Company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Parent Company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on Financial Statements

In our opinion the Parent Company financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2013;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on Other Matters Prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the Parent Company financial statements.

Matters on which we are Required to Report by Exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other Matter

We have reported separately on the consolidated financial statements of Wessex Exploration PLC for the year ended 30 June 2013.

Carl Deane
Senior Statutory Auditor,
for and on behalf of

Nexia Smith & Williamson

Nexia Smith & Williamson Audit Limited
Statutory Auditor and Chartered Accountant
Portwall Place
Portwall Lane
Bristol
BS1 6NA

15 October 2013

Parent Company Balance Sheet

as at 30 June 2013

	Notes	2013 £	2012 £
Fixed assets			
Intangible assets	2	564,854	686,511
Tangible fixed assets	3	729	1,461
Investments	4	8,682,840	3,749,372
		9,248,423	4,437,344
Current assets			
Debtors	5	30,984	403,331
Cash at bank		4,438,317	10,240,972
		4,469,301	10,644,303
Creditors: amounts falling due within one year	6	(86,364)	(47,552)
Net current assets		4,382,937	10,596,751
Net assets		13,631,360	15,034,095
Capital and reserves			
Called up share capital	7	724,343	724,343
Share premium account	8	16,800,122	16,800,122
Share-based payment reserve	8	844,228	483,987
Profit and loss account	8	(4,737,333)	(2,974,357)
Shareholders' funds	9	13,631,360	15,034,095

The financial statements were approved by the Board of Directors on 15 October 2013 and were signed on its behalf by:

Andy Yeo
Director

Notes to the Parent Company Financial Statements

for the year ended 30 June 2013

1 Accounting Policies

Basis of Preparation

The annual financial statements of Wessex Exploration PLC have been prepared in accordance with United Kingdom accounting standards. The principal accounting policies set out below have been consistently applied to all periods presented.

The financial statements have been prepared under the historical cost convention.

As permitted by section 408 of Companies Act 2006, a separate Profit and Loss Account for the Company has not been included in these financial statements. The Company's loss for the year ended 30 June 2013 was £1,762,976 (2012: £1,616,796).

As permitted by FRS 1 Cash flow statements, no cash flow statement for the Company has been included.

As permitted by FRS 8 Related party disclosures, no related party disclosures for the Company have been included, in respect of transactions with its 100% owned subsidiaries.

Financial Instruments

Financial assets and financial liabilities are recognised on the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Interest is credited to the Profit and Loss Account in the period to which it relates.

Exploration Costs

The Company follows a successful efforts-based accounting policy for oil and gas assets.

Costs (including research costs) incurred prior to obtaining the legal rights to explore an area are expensed immediately to the Profit and Loss Account.

Expenditure incurred on the acquisition of a licence interest is initially capitalised on a licence by licence basis. Costs are held, un-depleted, within exploration costs until such a time as the exploration phase on the licence area is complete or commercial reserves have been discovered.

Exploration expenditure incurred in the process of determining exploration targets is capitalised initially within intangible assets as exploration costs.

Tangible Oil and Gas Assets

Once a decision is reached that commercial reserves have been established the relevant costs are transferred (following an impairment review) from intangible oil and gas assets to development and production assets within tangible oil and gas assets. Expenditure incurred after the commerciality of the field has been established is then capitalised within tangible oil and gas assets.

At the balance sheet date no such transfers to tangible assets had been made.

Tangible Fixed Assets

Depreciation is provided in order to write off the cost less any residual value of each asset over its estimated useful life.

The following annual rates are used on a reducing balance basis:

Plant and machinery	25%

Investments

Investments are included at cost less amounts written off for impairment.

Notes to the Parent Company Financial Statements

for the year ended 30 June 2013

Current Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Foreign Currencies

Transactions denominated in a foreign currency are translated into sterling at the rate of exchange ruling at the date of the transaction. At the balance sheet date, monetary assets and liabilities denominated in foreign currency are translated at the rate ruling at that date. All exchange differences are dealt with in the Profit and Loss Account.

Share-Based Payments

Where share options and warrants have been granted to directors, employees and advisers, FRS 20 has been applied, whereby the fair value of the options and warrants is measured at the grant date. The fair value of options is spread over the period during which the employees become entitled to the options. The fair value of warrants is expensed immediately.

A valuation model is used to assess the fair value, taking into account the terms and conditions attached to the options and warrants. The fair value of goods and services received are measured by reference to the fair value of options and warrants.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (‘the vesting date’).

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company’s best estimate of the number of equity instruments that will ultimately vest.

The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified. An additional expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Notes to the Parent Company Financial Statements

for the year ended 30 June 2013

2 Intangible Fixed Assets

	Exploration costs £
Cost	
At 1 July 2012	1,074,910
Additions	215,407
At 30 June 2013	1,290,317
Accumulated amortisation and impairment	
At 1 July 2012	388,399
Impairment	337,064
At 30 June 2013	725,463
Net book value	
At 30 June 2013	564,854
At 30 June 2012	686,511

Management reviews each exploration project for indications of impairment at each balance sheet date.

Such indications would include written off wells and relinquishment of development acreage.

As a result the management took the decision to impair in full the amounts invested in the Juan de Nova and Western Sahara (SADR) projects.

Full details of the reasons for the impairment decisions can be found in the Financial Review, on page 4.

3 Tangible Fixed Assets

	Plant and machinery £
Cost	
At 1 July 2012 and 30 June 2013	11,529
Accumulated depreciation	
At 1 July 2012	10,068
Charge for the year	732
At 30 June 2013	10,800
Net book value	
At 30 June 2013	729
At 30 June 2012	1,461

Notes to the Parent Company Financial Statements

for the year ended 30 June 2013

4 Investments

The Company's investments at the balance sheet date comprise:

	Investments in Joint Ventures £	Investments in Subsidiaries £	Total £
Cost			
As at 1 July 2012	3,729,372	20,000	3,749,372
Additions	4,933,468	–	4,933,468
As at 30 June 2013	8,662,840	20,000	8,682,840

Subsidiaries

The Company has an investment in the following subsidiary undertaking:

	Country of incorporation	Principal activity	Interest
Maghreb Exploration Limited	England & Wales	Oil and gas exploration and development	100%

Joint Venture Investments

The Company has an investment in the following joint venture undertaking:

	Accounting reference date	Country of incorporation	Principal activity	Interest
Northpet Investments Limited	31 December	England & Wales	Investment in oil and gas exploration, development and production opportunities	50%

Northpet Investments Limited is a joint venture between Wessex Exploration PLC and NP Offshore Holdings (UK) Limited. It administers the interests held by each of the two partners in the Guyane Maritime Permit.

Each partner owns 50% of the issued share capital of the company.

The Guyane Maritime Permit interest is held through a 50% interest in the share capital of Northpet Investments Limited ("Northpet"), which holds a 2.5% direct working interest. The remaining 50% shareholding is held by NP Offshore Holdings (UK) Limited ("NP"), a wholly-owned subsidiary of Northern Petroleum Plc ("NOP"). The operation of Northpet is controlled by a Shareholders Agreement signed between Wessex and NP on 9 July 2008. NP has the right to appoint the Chairman of the board.

NOP acts as administrator of the Joint Venture and receives the Operator's cash call usually within the first two weeks of each month which then becomes payable 15 days from the date of the cash call statement. When it receives this cash call, Northpet issues a funding request to each of its shareholders for their pro rata share of the Operator's request and any Northpet administrative costs. Cash paid to Northpet in response to this request is treated as a subscription for Ordinary Shares of £1 in Northpet at a fixed price of £1,250 per share. At the end of September 2013, there were 16,176 ordinary shares in issue, split equally between Wessex and NP.

In principle, all finance is provided to Northpet on a basis that is pro rata to the shareholdings. However, either shareholder may elect not to provide finance in respect of any funding request by so notifying the other shareholder within 14 days of receiving the request from Northpet. The other shareholder must then either make up any shortfall in the Northpet funding request by subscribing for more than its original pro rata entitlement of new shares or cause Northpet to fail to make the Operator's cash call, which would trigger default under the Joint Operating Agreement for the Guyane Maritime Permit.

Notes to the Parent Company Financial Statements

for the year ended 30 June 2013

5 Debtors

	2013 £	2012 £
Amounts due from subsidiary undertakings	–	141,454
Other debtors	11,204	246,994
Prepayments	19,780	14,883
	30,984	403,331

6 Creditors: Amounts Falling Due Within One Year

	2013 £	2012 £
Trade creditors	8,032	26,552
Accruals	46,117	21,000
Amount owing to subsidiary undertakings	32,215	–
	86,364	47,552

7 a) Share Capital

	2013 £	2012 £
Allotted, issued and fully paid		
724,343,472 shares (2012: 724,343,472 shares) of 0.1 pence	724,343	724,343
	724,343	724,343

Allotments during the year

The Company did not issue any ordinary shares during the year (2012: 244,978,646 ordinary shares were issued for a premium, net of costs, of £11,290,187).

Notes to the Parent Company Financial Statements

for the year ended 30 June 2013

7 b) Share-Based Payments – Options and Warrants

The Company has a share option scheme for all directors and senior management. The vesting period is one, two and three years – one third of the options vesting in each period. The options are settled in equity once exercised.

If the options remain unexercised after a period of 10 years from the date of grant, the options expire.

Details of the number of share options and warrants and the weighted average exercise price (WAEP) outstanding during the year are as follows:

2013	**Number of options**	**WAEP £**
Outstanding at the beginning of the year	33,500,000	0.05
Issued	12,000,000	0.10
Forfeited	(10,000,000)	0.06
Outstanding at the year end	35,500,000	0.07
Number exercisable at 30 June 2013	12,333,333	0.07

2012	**Number of options**	**WAEP £**	**Number of warrants**	**WAEP £**
Outstanding at the beginning of the year	18,500,000	0.05	4,978,648	0.03
Issued	15,000,000	0.06	–	–
Exercised	–	–	(4,978,648)	0.03
Outstanding at the year end	33,500,000	0.05	–	–
Number exercisable at 30 June 2012	6,166,667	0.05	–	–

The weighted average share price at the date of exercise of the above warrants was 8.53p.

Notes to the Parent Company Financial Statements

for the year ended 30 June 2013

7 b) Share-Based Payments – Options and Warrants (continued)

The fair values were calculated using the Black Scholes model. The inputs into the model are as follows:

Date of grant	**21 December 2010**	**1 December 2011**	**20 July 2012**	**4 February 2013**
Number granted	18,500,000	15,000,000	10,000,000	2,000,000
Share price at date of grant	4p	5.65p	6.75p	4.03p
Exercise price	5p	6p	10p	7p
Expected volatility	60%	80%	89%	65%
Expected life	5.5, 6 and 6.5 years	5.5, 6 and 6.5 years	5.5, 6 and 6.5 years	5.5, 6 and 6.5 years
Risk free rate	2.4%	1.1879%	0.6749%	1.0476%
Expected dividend yield	0%	0%	0%	0%
Fair value of options granted at date of grant	£315,514	£571,229	£452,239	£38,571
Earliest vesting date	21 December 2011	1 December 2012	20 July 2013	4 February 2014
Expiry date	21 December 2020	1 December 2021	20 July 2022	4 February 2023

For all options granted, these vest 33.3% after 1 year, 33.3% after 2 years and 33.3% after 3 years.

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

The Company recognised total expenses of £360,241(2012: £336,531) related to equity-settled share-based payment transactions during the year.

8 Reserves

	Share premium account £	**Profit and loss account £**	**Share-based payment reserve £**	**Total £**
As at 1 July 2012	16,800,122	(2,974,357)	483,987	14,309,752
Issue of share-based payments	–	–	360,241	360,241
Issue of share capital	–	–	–	–
Issue costs	–	–	–	–
Loss for the financial year	–	(1,762,976)	–	(1,762,976)
As at 30 June 2012	16,800,122	(4,737,333)	844,228	12,907,017

9 Reconciliation of Movement in Shareholders' Funds

	2013 £	2012 £
Loss for the financial year	(1,762,976)	(1,616,796)
Issue of shares net of expenses	–	11,535,165
Share-based payments	360,241	336,531
Net (decrease)/increase in shareholders' funds	(1,402,735)	10,254,900
Shareholders' funds at 1 July 2012	15,034,095	4,779,195
Shareholders' funds at 30 June 2013	13,631,360	15,034,095

Notes to the Parent Company Financial Statements

for the year ended 30 June 2013

10 Related Party Transactions

During the year the Company acquired additional shares in its Joint Venture investment, Northpet Investments Limited, paying £4,933,468 into the Joint Venture (2012: £2,169,322).

During the year the balance of £41,997 of the reinstated loan from F E Dekker that was outstanding at 30 June 2012 was repaid in full. The maximum amount outstanding during the year was £41,997.

The only other related party transactions during the year were with the directors and key management.

	Short-term benefits	
	2013	2012
	£	£
Directors' remuneration:		
Mr F Dekker	79,487	120,000
Mr D Bramhill	–	152,282
Mr A Yeo	155,833	80,000
Dr M Butler	90,090	–
Mr I Patrick	18,404	–
	343,814	352,282
Social security costs	43,267	41,374
	387,081	393,656

In addition to the remuneration shown above, the Company incurred share-based payment charges of £315,619 (2012: £336,531) in respect of the above named directors.

11 Post Balance Sheet Events

As announced on 16 October 2013, Wessex elected to trigger a contractual right contained in the Northpet Investments Limited ("Northpet") Shareholders Agreement (Northpet is the holder of the 2.5% interest in the Guyane Maritime Permit) to conserve cash resources by opting out of paying up to £1.5m of the funding requests still expected to be made in 2013 by the Joint Venture. This arrangement could take several months to complete. Thereafter, the Wessex shareholding in Northpet is projected to have settled at around 44% (from 50%) or an effective interest in Guyane of around 1.1% (from 1.25%).

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting ("**AGM**") of Wessex Exploration PLC ("**Company**") will be held at the offices of Ashfords LLP, Accurist House, 44 Baker Street, London W1U 7AL on 12 December 2013 at 11 a.m. for the purpose of transacting the following business:

Ordinary Business

To consider and, if thought fit, pass the following resolutions as Ordinary Resolutions:

1 To receive and adopt the Report of the Directors and the audited accounts for the year ended 30 June 2013.

2 To re-appoint Nexia Smith & Williamson Audit Limited as auditor of the Company and to authorise the directors to fix their remuneration.

3 To re-elect Iain Patrick, who retires in accordance with the Articles of Association of the Company, as a director of the Company.

4 That, in substitution for any equivalent authorities and powers granted to the directors prior to the passing of this resolution, other than in respect of any allotments made prior to the passing of this resolution, the directors be and they are generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 (the "**Act**") to exercise all powers of the Company to issue and allot shares in the Company, and grant rights to subscribe for or to convert any security into shares of the Company (such shares, and rights to subscribe for or to convert any security in to shares of the Company being ("**relevant securities**") up to an aggregate nominal amount of £362,171 (being 362,171,000 ordinary shares ("**Ordinary Shares**") of 0.1 pence each in the Capital of the Company) provided that, unless previously revoked, varied or extended, this authority shall expire on the earlier of 15 months from the passing of the resolution and the conclusion of the AGM of the Company to be held in 2014, except that the Company may at any time before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such an offer or agreement as if this authority had not expired.

Special Business

To consider and, if thought fit, pass the following resolution as a Special Resolution:

5 That the directors be and they are empowered pursuant to Section 570(1) of the Act to allot equity securities (as defined in Section 560(1) of the Act) of the Company wholly for cash pursuant to the authority of the directors under Section 551 of the Act conferred by resolution 4, in each case as if Section 561(1) of the Act did not apply to such allotment, provided that:

(a) the power conferred by this resolution shall be limited to the allotment of:

(i) equity securities in connection with a rights issue, open offer or pre-emptive offer to holders on the register of the Ordinary Shares on a date fixed by the directors where the equity securities respectively attribute to the interests of all those shareholders are proportionate (as nearly as practicable) to the respective numbers of Ordinary Shares held by them on that date but the directors of the Company may make such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems arising under the laws or requirements of any overseas territory or by virtue of shares being represented by depository receipts or the requirements of any regulatory body or stock exchange or any other matter whatsoever;

(ii) (other than under paragraph (a) (i) above) equity securities up to an aggregate nominal amount not exceeding £33,500 (being 33,500,000 Ordinary Shares) under the Company's unapproved share option plan in relation to options granted on 21 December 2010, 1 December 2011, 20 July 2012 and 4 February 2013.

(iii) (other than under paragraphs (a) (i) and (ii) above) equity securities wholly for cash or otherwise up to an aggregate nominal amount not exceeding £108,651 (being 108,651,000 Ordinary Shares) on such terms and to such persons as the Board may determine such authority to allot being in addition to any authority given in the Company's Articles of Association or otherwise to allot equity securities without any rights of pre-emption; and

(b) unless previously revoked, varied or extended, this power shall expire on the earlier of 15 months from the passing of this resolution and conclusion of the AGM of the Company to be held in 2014 except that the Company may before the expiry of this power make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such an offer or agreement as if this power had not expired.

By order of the Board

Brian Marshall FCA
Company Secretary

7 November 2013

Registered Office:
6 Charlotte Street
Bath BA1 2NE

Notice of Annual General Meeting

Notes:

1 Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), only those shareholders registered in the register of members of the Company at 6 p.m. on 10 December 2013 (or if the AGM is adjourned 48 hours before the time fixed for the adjourned AGM) shall be entitled to attend, speak and vote at the AGM in respect of the number of shares registered in their name at that time. Any changes to the register of members at that time shall be disregarded in determining the rights of any person to attend or vote at the AGM.

2 If you wish to attend the AGM in person, you should make sure that you arrive at the venue for the AGM in good time before the commencement of the meeting. You may be asked to provide proof of your identity in order to gain admission.

3 A member who is entitled to attend, speak and vote at the AGM may appoint a proxy to attend, speak and vote instead of him. A member may appoint more than one proxy provided that each proxy is appointed to exercise rights attached to different shares (so a member must have more than one share to be able to appoint more than one proxy). A proxy need not be a member of the Company but must attend the AGM in order to represent his appointer. A proxy vote must vote in accordance with any instructions given by the member by whom the proxy is appointed. Appointing a proxy will not prevent a member from attending in person and voting at the AGM (although voting in person at the AGM will terminate the proxy appointment). A proxy form is enclosed. The notes to the proxy form include instructions on how to appoint the Chairman of the AGM or another person as proxy. You can only appoint a proxy using the procedures set out in these Notes and in the notes to the proxy form.

4 To be valid, a proxy form, and the original or duly certified copy of the power of attorney or other authority (if any) under which it is signed or authenticated, should reach the Company's registrar, Capita Asset Services at PXS, 34 Beckenham Road, Beckenham BR3 4TU, by no later than 11 a.m. on 10 December 2013.

5 CREST members who wish to appoint a proxy or proxies by utilising the proxy appointment service may do so for the Meeting (and any adjournment thereof) by following the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members (and those CREST members who have appointed a voting service provider) should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.

6 In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("Euroclear") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message (regardless of whether it relates to the appointment of a proxy, the revocation of a proxy appointment or to an amendment to the instruction given to a previously appointed proxy) must, in order to be valid, be transmitted so as to be received by the Company's agent (RA10) by the last time(s) for receipt of proxy appointments specified in Note 4. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's registrars are able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. CREST members (and, where applicable, their CREST sponsors or voting service providers) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members (and, where applicable, their CREST sponsors or voting service providers) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

7 You may not use any electronic address provided either in this notice of the AGM or in any related documents (including the proxy form) to communicate with the Company for any purposes other than those expressly stated.

8 In the case of joint holders of shares, the vote of the first named in the register of members who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint holders.

9 A member that is a company or other organisation not having a physical presence cannot attend in person but can appoint someone to represent it. This can be done in one of two ways: either by the appointment of a proxy (described in Notes 3 to 6 above) or of a corporate representative. Members considering the appointment of a corporate representative should check their own legal position, the Company's articles of association and the relevant provision of the Companies Act 2006.

Explanatory Notes to the Resolutions to be Proposed at the Annual General Meeting

Resolution 1 – Report and Accounts

The directors will present the audited and financial statements of the Company for the year ended 30 June 2013 together with the Report of the Directors and the Auditor's Report on those financial statements.

Resolution 2 – Re-Appointment of Auditor and Fixing of Auditor's Remuneration

The Company is required to appoint an auditor at each Annual General Meeting ("AGM") at which accounts are laid before shareholders, to hold office until the next such meeting. The Resolution proposes that Nexia Smith & Williamson Audit Limited be re-appointed as auditor for the current year and that the directors be authorised to set their fees.

Resolution 3 – Re-Election of Iain Patrick

Under the Articles of Association of the Company the directors are required to put themselves up for re-election following their appointment by the Board. As Iain Patrick was appointed by the Board this year, he will retire at the AGM and put himself up for re-election at the AGM held by the Company.

Resolution 4 – Directors' Authority to allot Shares

This resolution grants the directors authority to allot shares in the capital of the Company and other relevant securities up to an aggregate nominal value of £362,171 representing approximately 50% of the nominal value of the issued Ordinary Share Capital of the Company as at 6 November 2013, being the last practical date prior to the publication of this notice.

The directors consider it desirable that the specified amount of unissued share capital is available for issue so that they can more readily take advantage of possible opportunities should they arise. Unless revoked, varied or extended, this authority will expire at the conclusion of the next AGM of the Company.

Resolution 5 – Directors' Power to Issue Shares for Cash

This resolution authorises the directors in certain circumstances to allot equity securities for cash other than in accordance with statutory pre-emption rights (which require a company to offer all allotments for cash first to existing shareholders in proportion to their holdings). The relevant circumstances are either where the allotment takes place in connection with (i) an open offer or rights issue; or (ii) the allotment of shares under the Company's unapproved share option plan up to an aggregate nominal amount not exceeding £35,500 (being 35,500,000 Ordinary Shares); or (iii) the Allotment of shares on such terms and to such persons as the Board may determine up to an aggregate nominal amount not exceeding £108,651 (being 108,651,000 Ordinary Shares). Any allotment is limited to a maximum nominal amount of £144,151 representing approximately 19.9% of the nominal value of the issued Ordinary Share Capital of the Company as at 6 November 2013, being the last practical date prior to the publication of this notice.

Unless revoked, varied or extended, this authority will expire at the conclusion of the next AGM of the Company.

WESSEX EXPLORATION

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