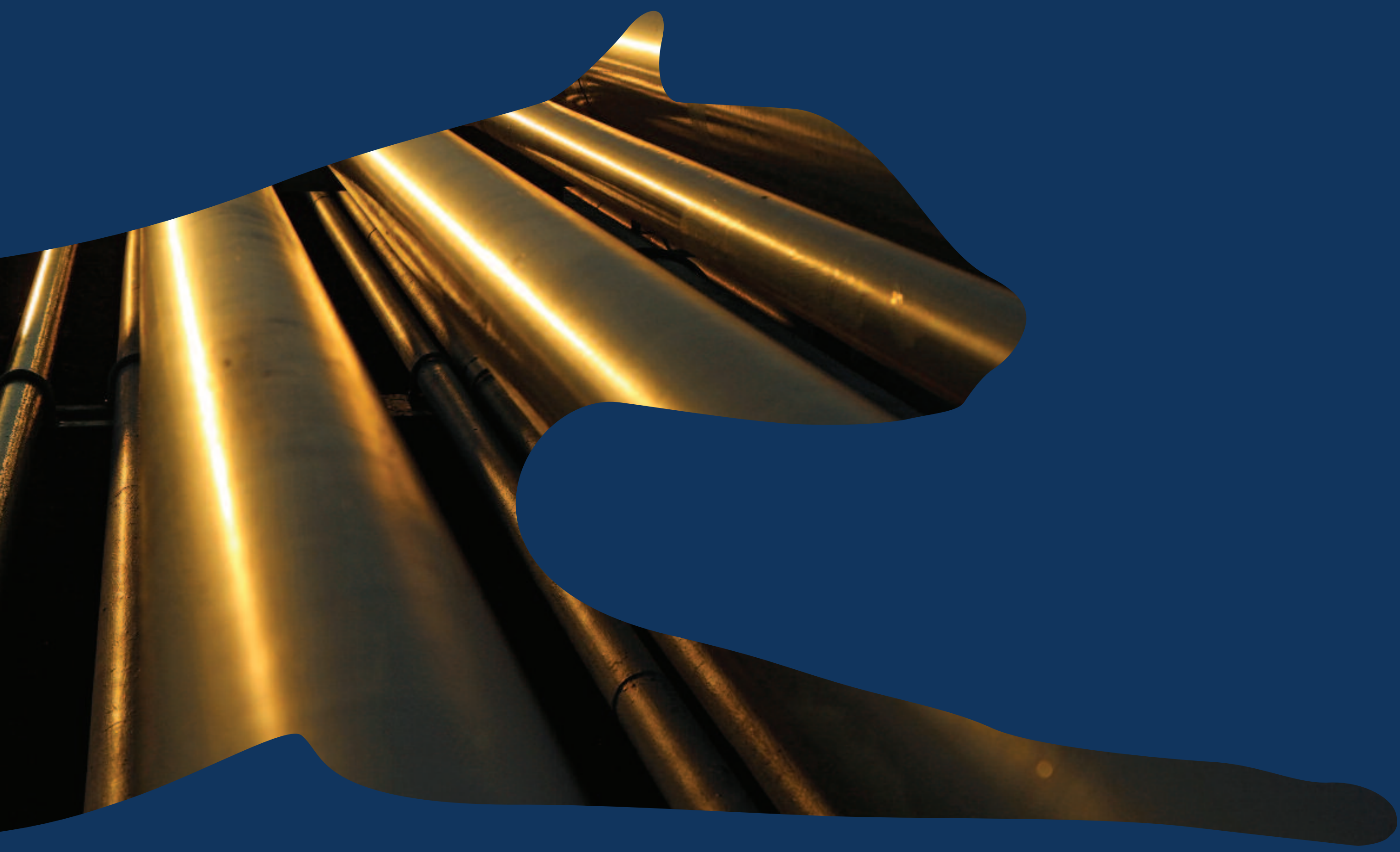
LEKOIL

Shaping the future of oil exploration and production in Africa

Half Year Report 2015

Lekoil is an Africa focused oil and gas exploration and production company with interests in Nigeria and Namibia. The Company was founded in 2010 by a group of leading professionals with extensive experience in the international upstream oil and gas industry as well as in global fund management and investment banking.



Highlights

5,703 bopd

peak flow rate of first oil flowed to surface from Otakikpo-002 well

$32.4m

of cash balances that will allow us to increase production at Otakikpo and continue further appraisal work at OPL 310

$756,277

funds dedicated to community development projects in our respective host communities

Highlights:

- First oil from Otakikpo was achieved on 5 September 2015.
- Otakikpo-002 well produced from only the first of four planned production strings across the two wells, and flowed oil at a peak rate of 5,703 bopd at a 36/64 inch choke, significantly ahead of expectations.
- Original guidance of around 6,000 bopd from the four strings at Otakikpo-002 and -003 is likely to be exceeded substantially, subject to further testing and analysis.
- The Company is in discussions with partners in OPL 310 regarding options for further appraisal and the allocation of financial responsibilities and interests between the partners.

Financial:

- Net loss of $6.6 million reported for the period (2014: net loss of $5.3 million).
- Cash balances of $32.4 million and net cash (after deducting short-term bank debt) of $22.6 million at the end of August 2015.
- The Company is in discussions with offtakers and debt providers to seek additional funding for growth and expansion.

Outlook:

- Focus remains on growing cash flow and production base at Otakikpo and appraising the significant Ogo discovery on the OPL 310 licence.

All amounts are in US$ unless otherwise stated

"We believe that the successful transition to a producing company has positioned Lekoil to grow further in the coming years – even in a prolonged lower oil price environment. We will continue to look for acquisitions, subject to the availability of finance that can add the kind of value for our shareholders that Otakikpo looks likely to do."

Lekan Akinyanmi, CEO

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Our 2015 Half Year Report is available in both printed form and on the Investors section of the LEKOIL plc website at:
www.lekoil.com

Our focus remains on growing our cash flow and production base at Otakikpo, appraising the significant Ogo discovery on the OPL 310 licence and subject to financing being available, acquiring further assets.

Introduction

The principal focus for the Company in the first half of 2015 was bringing the Otakikpo Marginal Field into production. We are very pleased to report that first oil from Otakikpo was achieved on 5 September 2015. This landmark represented our first development of an oil field as technical (and financial) partner and provides a demonstration of the technical and operational capability of the Company's high quality team of employees and contractors. First oil at Otakikpo was reached with the full support of, and engagement with, the local communities surrounding the field.

Strategy

Lekoil's vision is to be the world's leading exploration and production company focused on Africa. We aim to maximise value for our stakeholders in a sustainable manner, by operating with integrity and leveraging local resources to build an exploration and production group. Our target portfolio was to be diversified across lower risk production assets and appraisal projects and higher risk exploration assets, in both known exploration basins and newly discovered basins. With the transition to producer status, this goal has now been achieved. Our competitive advantage in Nigeria, achieved through our well respected Board and management team and our indigenous status, is the platform from which we will pursue our broader strategy in Africa.

Otakikpo

The project

In May 2014, we acquired a 40%. participating and economic interest in the Otakikpo Marginal Field, situated in oil mining lease (OML) 11 in the south eastern coastal swamp of the Niger Delta, from Green Energy International (Green Energy). As consideration for the assignment of the interest, Lekoil paid a signature bonus of $7 million. We received ministerial consent in June 2015 to the transfer and are due to pay a production bonus of $4 million, once production of 2,000bopd is achieved for 30 consecutive days, which will be funded from existing cash resources.

Reserves and economics

In January 2015, we announced an Addendum to the original competent persons' report (CPR) by AGR TRACS, covering the progress on the project following approval, in early December 2014, by the Nigerian Ministry of Petroleum of the planned recompletions of the Otakikpo-002 and Otakikpo -003 wells. The Addendum was based on the Field Development Plan now comprising two phases: Phase 1 comprises the recompletions of the Otakikpo-002 and Otakikpo-003 wells with the installation of an Early Production Facility ("EPF") of 6,000 bopd capacity and export via shuttle tanker; Phase 2 covers the subsequent incremental development of the rest of the field with a new Central Processing Facility and seven new wells coming on stream from early 2017. Evaluation of the well-test programme will determine the next phase for maximising value from the project.

As a result of the work done for the Addendum and the original September 2014 CPR, Reserves and Contingent Resources attributable to the Company are 3.03 mmbbls of 1P (Proved Reserves), 5.40 mmbbls of 2P (Proved and Probable Reserves) (Phase 1) and 14.98 mmbbls of unrisked 2C (Contingent) Resources (Phase 2). Economic evaluations were also carried out by AGR TRACS in respect of Lekoil's estimated net 2P reserves and 2C contingent resources. These indicated that the development of Otakikpo is a robust project with an NPV (10%) of $77.2 million under a $40 oil price scenario on Marginal Field Terms, with considerable upside at $60 oil price NPV (10%) of $169.1 million.

Progress

Lekoil made significant progress at Otakikpo during and after the period, culminating in first oil in early September. All necessary approvals for the well re-entry plan were secured during 2014 with contracts for the Phase-1 Field Development Plan, which included a rig, well services and an EPF, tendered and awarded during the first half of 2015. Prior to rig mobilisation large tracts of swamp land were reclaimed by sand-filling and land consolidation. The Company overcame a series of significant logistical challenges related to road remediation and the building of a temporary bridge in order to bring equipment to site and as a result of the work, the surrounding local community has gained a significant socio-economic advantage. In addition to this a potential critical safety issue around the crown block of the drilling rig forced a temporary suspension of re-entry activities. This decision was taken for safety reasons, pending repairs and replacement of equipment. No injuries were recorded due to the proactive actions of the trained rig crew.

First oil

First oil from Otakikpo flowed to surface on 5 September 2015. The Otakikpo-002 well produced from only the first of four planned production strings, and flowed oil at various choke sizes for over 24 hours achieving a peak rate of 5,703 bopd at a 36/64 inch choke, significantly ahead of expectations. The Addendum to the Competent Persons Report in January 2015 indicated that we expected to produce around 6,000 bopd from the four strings at Otakikpo-002 and -003. Based on the preliminary results, we currently believe that this guidance is likely to be exceeded, although further testing and analysis is required.

Community relations

We have been engaging with the local communities since the acquisition of our interest in Otakikpo through consultation, the continuing provision of medical outreach services and discussions with local leaders. The groundbreaking agreements we have concluded reflect Lekoil's commitment to share the benefits of the development with the host communities. There are measures in the agreements to ensure that operations are carried out in an ecologically and environmentally friendly manner and that they shall not pollute the land leased from the local communities. We will engage a community liaison officer from within the communities as well as reserving a proportion of non- and semi-skilled positions for members of the communities.

Lekoil has agreements with the host community of Ikuru and the other host communities of Ugama Ekede, Ayama Ekede, Asuk Ama and Asuk Oyet, in the Andoni Local Government Area of Rivers State surrounding Otakikpo. These agreements have provided an important step forward in maximising benefits for all stakeholders over the life of the field.

OPL 310

In February 2013, Mayfair Assets and Trusts Limited, a wholly owned subsidiary of Lekoil Nigeria Limited (a member of the Group), farmed into Afren Investments Oil and Gas (Nigeria) Limited's ("Afren Oil & Gas") interest in OPL 310 for a 17.14% participating interest and 30% economic interest in the block, subject to ministerial consent. The exploration well and sidetrack subsequent to the farm in made the Ogo discovery, as described by a leading oil and gas research consultancy, one of the most significant exploration finds in Africa in recent times.

The unexpired lease term on OPL 310 is over three years after which the licence will be converted to an oil mining licence (OML) subsequent to meeting the required conditions. We currently expect the conversion to take place within the current OPL tenure, and a subsequent OML to be granted for up to twenty years.

We have been in discussions with our partners regarding options for the further appraisal of OPL 310 and the allocation of financial responsibilities and interests between the partners (see note 7(b) for further details).

On 31 July 2015, Afren PLC, the ultimate parent company of Afren Oil & Gas, went into administration. Whilst, based on available information, the Directors believe that Afren Oil & Gas has not gone into administration or defaulted on its obligations in relation to OPL 310 or other applicable laws and regulations, there is concern as to the consequences of such a default should it occur in the future. As a result of this Lekoil has taken legal action to protect its interests in OPL 310.

Board

At the end of June, David Robinson, CFO, left the Board, and the Company by mutual agreement. Valentine Ejiogu, the Company's Financial Controller, assumed leadership of the Company's finance function pending the appointment of a new Chief Financial Officer. Also at the end of June, we announced the appointment of an additional Non-executive Director, Hezekiah Adesola ('Sola) Oyinlola. Mr. Oyinlola brings a wealth of industry experience to the Board. He was most recently Chairman of Africa at Schlumberger, having worked there for 30 years and was also the President of the Schlumberger Foundation, a non-profit corporate foundation.

We thank Dave for his contributions to Lekoil, most especially during the May 2013 IPO, and welcome 'Sola and his long experience to the Board.

Financial

The Group reported a net loss of $6.6 million for the period ($5.3 million in the prior corresponding period). On a per share basis the loss is $(0.01) cents per share ($(0.01) cents per share in the prior corresponding period). The increase in net loss is due to the staff costs associated with the development of Otakikpo. Operating cash flow during the period was $(12.9) million ($(25.0) million in the prior corresponding period). The Group ended the period with $41.4 million available in cash and cash equivalents ($61.7 million at the end of the prior corresponding period and $49.2 million at the year end). At this stage in our development, the Directors will not be recommending a dividend in respect of the current period.

At the end of August 2015 the Group had cash balances of $32.4 million, and net cash (after deducting short-term bank debt) of $22.6 million. Management is currently in discussion with offtakers and debt providers to seek additional funding for growth and expansion.

Outlook

We believe that the successful transition to a producing company has positioned Lekoil to grow further in the coming years – even in a prolonged lower oil price environment. Our focus remains on growing our cash flow and production base at Otakikpo, appraising the significant Ogo discovery on the OPL 310 licence and subject to financing being available, acquiring further assets that we consider will add value for the benefit of our shareholders.

On behalf of the Board we would like to thank our people, our communities and our shareholders for their continued support.

Samuel Adegboyega
Non-Executive Chairman

Lekan Akinyanmi
Chief Executive Officer

29 September 2015

Financial review

Overview

In the six months ended 30 June 2015, the Group recorded an operating loss of $7.5 million and ended the period with cash and short-term investments of $41.4 million. Lekoil Oil and Gas Investments Limited (a wholly owned subsidiary of Lekoil Nigeria Limited), entered into a Note Issuance Agreement with FBN Capital and subsequently received a debt finance package of $10 million for the Otakikpo field development. The Group issued an unconditional guarantee in favour of FBN Capital for the payment of all principal and interest due on the loan, in the event of default by Lekoil Oil and Gas Investments Limited. There are ongoing discussions with potential offtakers and other financial institutions for provision of debt facilities, for the Otakikpo field development and potentially to finance the acquisition of other assets.

On 5 September 2015, first oil flowed to surface from Otakikpo-002 well. Otakikpo-002 well produced from the first of four planned production strings and flowed oil at various choke sizes significantly ahead of expectation. Otakikpo-002 will be temporarily suspended to allow completion and testing of the upper C5 zone following which an official well-test programme will commence.

Seismic acquisition, processing and appraisal of 3D data over OPL 310 has been completed. The interpretation of the seismic data is currently ongoing. Following completion of the data interpretation, the Group, in conjunction with our partners, will subject to funding, commission a detailed work plan for the drilling of an appraisal well.

In June 2015, Lekoil Oil and Gas Investments Limited obtained ministerial approval for the transfer of a 40% participating interest in the Otakikpo field following the farm-in agreement with Green Energy International Limited ("GEIL") signed in May 2014.

Interim results

The Group recorded a total comprehensive loss of $6.6 million for the six months ended 30 June 2015 compared to a loss of $5.3 million recorded for same period in 2014.

Administrative expenses and operating loss

Administrative expenses were $7.5 million compared to $5.3 million for the same period in 2014. The increase in administrative expenses is due to an increase in staff strength and other associated costs as operations scale up towards the Company's first oil production. The Group therefore reported an operating loss of $7.5 million for the six months ended 30 June 2015 compared with a loss of $5.3 million for the corresponding period in 2014.

Taxation

No tax was payable for the six months ended 30 June 2015.

Capital expenditure

The Group's capital expenditure during the six months ended 30 June 2015 amounted to $4.7 million compared to $15.8 million incurred for the corresponding period in 2014. Capital expenditure during the period was primarily associated with development expenditure on the Otakikpo field and exploration and evaluation expenditure on OPL 310.

Prepayments

Prepaid expenditure amounted to $12.8 million as at 30 June 2014 compared to $0.5 million as at 30 June 2014. Prepaid expenditure consists largely of Green Energy's share of JV development costs of $11.2 million (2014: $3.7 million) to be recovered by the Company from future oil production, prepaid rent of $0.9 million (2014: $0.8 million) and community MOU deposit of $0.8 million (2014: Nil).

Cash and cash equivalents

The Group had cash and short-term investments of $41.4 million as at 30 June 2015 compared to $61.7 million at 30 June 2014.

Short-term loans

The Group had short-term loans of $9.9 million as at 30 June 2015 (30 June 2014: Nil).

Summary statement of financial position

The Group's non-current assets, which mainly comprise exploration and evaluation (E & E) assets, increased from $118.9 million at 30 June 2014 to $126.9 million at 30 June 2015, reflecting expenditures on the Otakikpo field and Ogo discovery. The majority of this carrying value relates to the Company's interest in OPL 310 which contains the Ogo discovery. There are concerns regarding the Company's interest in this asset, as discussed in note 7 (b) to these interim financial statements. The Board of Directors has reviewed the carrying value of E&E assets relating to OPL 310 as at 30 June 2015, and are of the opinion that the carrying value of the asset, although subject to significant uncertainty, remains appropriate in the circumstances and should not be impaired.

Current assets represent the Group's cash resources, inventories and other receivables, which decreased from $62.5 million as at 30 June 2014 to $58.7 million as at 30 June 2015, mainly reflecting reduced cash balances and increased inventories and prepaid development costs. Current liabilities consist of a short-term loan from FBN Capital amounting to $9.9 million and trade and other payables which increased from $3.3 million to $6.9 million as at 30 June 2015.

Dividend

The Directors do not recommend the payment of dividend for the period ended 30 June 2015.

Accounting policies

The Group's significant accounting policies and details of the significant judgments and critical accounting estimates are consistent with those used in the 2014 annual financial statements.

Liquidity risk management and going concern

The Group closely monitors and manages its liquidity risk. Cash forecasts are regularly produced and sensitivities run for different scenarios including changes in timing of production and cost overruns of development and exploration activity. At 30 June 2015, the Group had liquid resources of approximately $41.4 million, in the form of cash and short-term investments, which are available to meet ongoing capital, operating and administrative expenditure.

These interim financial statements have been prepared on the going concern basis of accounting, which assumes the Company will continue in operation for the foreseeable future and be able to realise its assets and discharge its liabilities and commitments in the normal course of business. As discussed in note 2 (b) to these financial statements, the ability of the group to continue as a going concern is dependent on the operational success of the Otakikpo field development, the timing and amount of anticipated cash flows over the next twelve months from production from this field and continued availability of existing debt finance.

Valentine Ejiogu
Interim Chief Financial Officer

29 September 2015

Independent Auditor's report on review of condensed interim financial information

To the Members of Lekoil Limited

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Lekoil Limited ("the Company") as at 30 June 2015, and the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information"). The directors are responsible for the preparation and presentation of these condensed consolidated interim financial information in accordance with International Accounting Standards (IAS) 34 Interim Financial Reporting as adopted by the EU. Our responsibility is to express a conclusion on these condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2015 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

Emphasis of matter

Without qualifying our conclusion, we draw attention to Note 7(b) to these condensed consolidated interim financial information which describes the uncertainty relating to the recoverability of the Company's exploration and evaluation assets amounting to $111.3 million as a result of Afren Plc., the ultimate parent company of Afren Oil & Gas Nigeria Limited (the technical partner on Oil Prospecting License (OPL) 310), going into administration. Our conclusion is not qualified in respect of this matter.

We also draw attention to Note 2(b) to these condensed consolidated interim financial information which describes the judgement made by the directors in determining the timing and estimated production volumes as well as associated cash flows from Otakikpo 002 well. Our conclusion is not qualified in respect of this matter.

Signed:

Chibuzor N. Anyanechi, FCA
FRC/2013/ICAN/00000000789
For: KPMG Professional Services
Chartered Accountants

29 September 2015

Lagos, Nigeria

Condensed consolidated statement of financial position

In US Dollars	Notes	(Unaudited) 30 June 2015	(Audited) 31 December 2014	(Unaudited) 30 June 2014
ASSETS				
Property, plant and equipment	6	**4,637,330**	1,373,904	539,510
Exploration and evaluation assets	7	**112,570,187**	111,136,232	118,318,179
Intangible assets	8	**8,162,850**	8,266,103	–
Other receivables		**1,534,059**	1,503,667	–
Long term prepayments	10	**–**	121,643	–
Total non-current assets		**126,904,426**	122,401,549	118,857,689
Inventories	9	**4,042,019**	166,337	–
Other receivables		**423,994**	176,753	191,268
Prepayments	10	**12,844,122**	4,553,882	543,991
Cash and cash equivalents		**41,378,003**	49,225,726	61,739,926
Total current assets		**58,688,138**	54,122,698	62,475,185
Total assets		**185,592,564**	176,524,247	181,332,874
EQUITY				
Share capital	11(a)	**18,152**	18,152	18,147
Share premium	11(b)	**207,947,439**	207,947,439	207,648,517
Retained losses		**(23,722,781)**	(18,815,402)	(20,872,177)
Share based payment reserve		**4,349,899**	3,726,918	1,704,950
Other reserves	11(c)	**–**	–	104,183
Equity attributable to owners of the Company		**188,592,709**	192,877,107	188,603,620
Non-controlling interests	12	**(20,847,759)**	(19,111,045)	(10,531,526)
Total equity		**167,744,950**	173,766,062	178,072,094
LIABILITIES				
Trade and other payables		**6,880,705**	2,553,925	3,260,780
Deferred income		**972,739**	204,260	–
Short term loan	14	**9,994,170**	–	–
Current and total liabilities		**17,847,614**	2,758,185	3,260,780
Total equity and liabilities		**185,592,564**	176,524,247	181,332,874

These financial statements were approved by the Board of Directors on September 2015 and signed on behalf of the board by:

Lekan Akinyanmi
Chief Executive Officer

Valentine Ejiogu
Interim Chief Financial Officer

29 September 2015

The notes on pages 12 to 20 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of profit or loss and other comprehensive income

For the six months ended 30 June 2015

In US Dollars	Notes	(Unaudited) 6 months 30 June 2015	(Audited) 12 months 31 December 2014	(Unaudited) 6 months 30 June 2014
Revenue	15	**–**	–	–
Cost of sales		**–**	–	–
Gross profit		**–**	–	–
Other income		**–**	–	–
General and administrative expenses		**(7,535,711)**	(11,820,164)	(5,305,511)
Loss from operating activities		**(7,535,711)**	(11,820,164)	(5,305,511)
Finance income		**919,467**	79,949	–
Finance costs		**(27,849)**	(192,223)	–
Net finance income/(cost)		**891,618**	(112,274)	–
Loss before income tax		**(6,644,093)**	(11,932,438)	(5,305,511)
Income tax expense		**–**	–	–
Loss for the period		**(6,644,093)**	(11,932,438)	(5,305,511)
Total comprehensive loss for the period		**(6,644,093)**	(11,932,438)	(5,305,511)
Loss attributable to:				
Owners of the Company		**(4,907,379)**	(1,929,741)	(3,882,333)
Non-controlling interests		**(1,736,714)**	(10,002,697)	(1,423,178)
		(6,644,093)	(11,932,438)	(5,305,511)
Total comprehensive loss attributable to:				
Owners of the Company		**(4,907,379)**	(1,929,741)	(3,882,333)
Non-controlling interests		**(1,736,714)**	(10,002,697)	(1,423,178)
		(6,644,093)	(11,932,438)	(5,305,511)
Loss per share:				
Basic loss per share ($)	17(a)	**(0.01)**	(0.01)	(0.01)
Diluted loss per share ($)	17(b)	**(0.01)**	(0.01)	(0.01)

The notes pages 12 to 20 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of changes in equity

For the six months ended 30 June 2015

In US Dollars	Share capital	Share premium	Retained losses	Other reserves	Share-based payments reserve	Total	Non-controlling interests	Total equity
Balance at 1 January 2015 (audited)	18,152	207,947,439	(18,815,402)	–	3,726,918	192,877,107	(19,111,045)	173,766,062
Total comprehensive income for the period								
Loss for the period	–	–	(4,907,379)	–	–	(4,907,379)	(1,736,714)	(6,644,093)
Total comprehensive income for the period	–	–	(4,907,379)	–	–	(4,907,379)	(1,736,714)	(6,644,093)
Transactions with owners of the Company								
Issue of ordinary shares	–	–	–	–	–	–	–	–
Share-based payment – personnel expenses	–	–	–	–	622,981	622,981	–	622,981
Share-based payment – other expenses	–	–	–	–	–	–	–	–
Total transactions with owners of the Company	–	–	–	–	622,981	622,981	–	622,981
Balance at 30 June 2015 (unaudited)	**18,152**	**207,947,439**	**(23,722,781)**	**–**	**4,349,899**	**188,592,709**	**(20,847,759)**	**167,744,950**

For the year ended 31 December 2014

In US Dollars	Share capital	Share premium	Retained losses	Other reserves	Share-based payments reserve	Total	Non-controlling interests	Total equity
Balance at 1 January 2014 (audited)	16,497	171,419,410	(16,989,844)	104,183	1,647,608	156,197,854	(9,108,348)	147,089,506
Total comprehensive income for the year								
Loss for the year	–	–	(1,929,741)	–	–	(1,929,741)	(10,002,697)	(11,932,438)
Total comprehensive income for the year	–	–	(1,929,741)	–	–	(1,929,741)	(10,002,697)	(11,932,438)
Transactions with owners of the Company								
Issue of ordinary shares	1,650	36,485,363	–	–	–	36,487,013	–	36,487,013
Share-based payment settlement	–	–	–	–	(20,000)	(20,000)	–	(20,000)
Transfer	–	–	104,183	(104,183)	–	–	–	–
Share-based payment – personnel expenses	–	–	–	–	2,141,981	2,141,981	–	2,141,981
Effect of share options conversion	5	42,666	–	–	(42,671)	–	–	–
Total contributions	1,655	36,528,029	104,183	(104,183)	2,079,310	38,608,994	–	38,608,994
Total transactions with owners of the Company	1,655	36,528,029	104,183	(104,183)	2,079,310	38,608,994	–	38,608,994
Balance at 31 December 2014 (audited)	18,152	207,947,439	(18,815,402)	–	3,726,918	192,877,107	(19,111,045)	173,766,062

The notes pages 12 to 20 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of changes in equity

Continued

For the six months ended 30 June 2014

In US Dollars	Share capital	Share premium	Retained losses	Other reserves	Share-based payments reserve	Total	Non-controlling interests	Total equity
Balance at 1 January 2014 (audited)	16,497	171,419,410	(16,989,844)	104,183	1,647,608	156,197,854	(9,108,348)	147,089,506
Total comprehensive income for the period								
Loss for the period	–	–	(3,882,333)	–	–	(3,882,333)	(1,423,178)	(5,305,511)
Total comprehensive income for the period	–	–	(3,882,333)	–	–	(3,882,333)	(1,423,178)	(5,305,511)
Transactions with owners of the Company								
Issue of ordinary shares	1,650	36,229,107	–	–	–	36,230,757	–	36,230,757
Share-based payment transactions	–	–	–	–	57,342	57,342	–	57,342
Total transactions with owners of the Company	1,650	36,229,107	–	–	57,342	36,288,099	–	36,288,099
Balance at 30 June 2014 (unaudited)	18,147	207,648,517	(20,872,177)	104,183	1,704,950	188,603,620	(10,531,526)	178,072,094

The notes pages 12 to 20 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of cash flows

For the six months ended 30 June

In US Dollars	Notes	(Unaudited) 30 June 2015	(Audited) 31 December 2014	(Unaudited) 30 June 2014
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period		(6,644,093)	(11,932,438)	(5,305,511)
Adjustments for:				
– Equity-settled share-based payment		622,981	2,141,981	57,342
– Finance income		(1,096)	(3,667)	–
– Finance cost		–	192,223	–
– Unrealised foreign currency (gain)/loss		–	(146,073)	–
– Depreciation and amortisation	6,8	355,513	443,935	65,057
		(5,666,695)	(9,304,039)	(5,183,112)
Changes in:				
– Inventory		(3,875,682)	(166,337)	–
– Trade and other payables		4,312,997	(20,048,134)	(19,362,392)
– Prepayments		(8,168,597)	(4,458,185)	(326,651)
– Trade and other receivables		(277,633)	(1,776,482)	(98,774)
– Deferred income		768,479	204,260	–
Net cash used in operating activities		(12,907,131)	(35,548,917)	(24,970,929)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property, plant and equipment	6	(3,260,802)	(1,456,550)	(392,337)
Proceeds from sale of fixed assets		–	48,271	–
Finance income		1,096	–	–
Acquisition of exploration and evaluation assets	7	(1,433,955)	(8,463,433)	(15,759,585)
Acquisition of intangible assets	8	(46,931)	(8,577,638)	–
Net cash used in investing activities		(4,740,592)	(18,449,350)	(16,151,922)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of share capital		–	36,487,013	36,230,757
Short-term loan		10,000,000	–	–
Finance costs		(200,000)	–	–
Share based payment settlement		–	(20,000)	–
Net cash generated from financing activities		9,800,000	36,467,013	36,230,757
Net decrease in cash and cash equivalents		(7,847,723)	(17,531,254)	(4,892,094)
Cash and cash equivalents at 1 January		49,225,726	66,632,020	66,632,020
Effect of movements in exchange rates on cash held		–	124,960	–
Cash and cash equivalents at end of period		41,378,003	49,225,726	61,739,926

The notes pages 12 to 20 are an integral part of these condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements

1. Reporting entity

Lekoil Limited (the "Company") is a company domiciled in the Cayman Islands. The address of the Company's registered office is Intertrust Group, 190 Elgin Avenue, Georgetown, Grand Cayman, Cayman Islands. These condensed consolidated interim financial statements (interim financial statements) as at and for the six months ended 30 June 2015 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group's principal activity is exploration and production of oil and gas.

2. Basis of preparation

(a) Statement of compliance

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2014.

(b) Going concern basis of accounting

These interim financial statements have been prepared on the going concern basis of accounting, which assumes that the Company will continue in operation for the foreseeable future and be able to realise its assets and discharge its liabilities and commitments in the normal course of business.

The group incurred a total comprehensive loss of $6.6 million for the period ended 30 June 2015 (30 June 2014: loss $5.3 million), and has had negative cashflows from operations in the last two years. During 2013, 2014 and the half year ending 30 June 2015, the Group has invested in its two main assets – OPL 310 which includes the Ogo discovery, and the Otakikpo field located within OML 11 which is currently under development.

Per the Company's release of 7 September 2015, following the successful re-entry and commissioning of the Otakikpo-002 well, first oil flowed to surface late on 5 September 2015. Based on the assessment of the Company's Chief Technical Officer (in-house expert), the Otakikpo-002 well produced from only the first of two planned production strings, and flowed oil at various choke sizes for over 24 hours at a peak rate of 5,703bopd at a 36/64 inch choke, significantly ahead of expectations. Otakikpo-002 has been temporarily suspended to allow completion and testing of the upper C5 zone following which an official well-test programme will commence. The Company expects to finalise the evacuation infrastructure during the official well test period and determine the optimal production rate that maximises value from the well. Based on these preliminary results and the assessment by the Chief Technical Officer (in-house expert), the Directors of Lekoil currently believe that a daily production rate of 2,500 bopd starting from 1 November 2015 for the next twelve months is a reasonable estimate of production capacity from the E1 reservoir of Otakikpo-002 well.

As at the end of August 2015 the Group had cash balances of $32.4 million, and net cash (after deducting short-term bank debt) of $22.6 million. The Company is currently discussing possible financing with potential offtakers and indicative term sheets are being considered, and discussions with banks are also progressing.

The ability of the Group to continue as a going concern is dependent on the successful implementation of planned activities on OPL 310, the operational success of the Otakikpo field development, the timing and amount of anticipated cashflows from production from this field and continued availability of existing debt finance.

These interim financial statements were authorised for issue by the Company's Board of Directors on 29 September 2015.

3. Use of judgements and estimates

In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty that were applied in preparing the consolidated financial statements as at and for the year ended 31 December 2014, were considered to be applicable for these interim financial statements. Additional judgements and key estimation uncertainties considered by Management in preparing these interim financial statements are:

a) Note 2(b) – The Directors believe that the anticipated daily production of 2,500 bopd, together with the associated cash inflows from Otakikpo field will occur as planned and that the Company will be able to source additional cash through debt based on past experience.

b) Note 7(b) – The Directors' believe that Afren Oil and Gas Nigeria Ltd. (partner on OPL 310) has not gone into administration or defaulted on its obligations in relation to OPL 310 or other applicable laws and regulations following Afren PLC's (ultimate parent Company of Afren Oil and Gas Nigeria Ltd.)

4. Significant accounting policies

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2014.

5. Operating segments

The Group operates predominantly in the oil and gas industry. As at the period end, the Group had operational activities in only one geographical segment, Nigeria.

Geographical information

In presenting information on the basis of geographical segments, segment assets are based on the geographical location of the assets.

Non-current assets

In US Dollars	30 June 2015	31 December 2014	30 June 2014
All foreign countries			
Nigeria	**125,096,689**	120,708,703	118,699,360
Namibia	**198,400**	100,415	84,527
USA	**75,278**	88,764	73,802
Cayman	**1,534,059**	1,503,667	–
	126,904,426	122,401,549	118,857,689

Non-current assets presented mainly consist of property, plant & equipment, exploration & evaluation assets and intangible assets.

6. Property, plant and equipment

(a) The movement on this account was as follows:

In US Dollars	Oil and Gas Assets*	Motor Vehicles	Furniture & Fittings	Computer & Household Equipment	Leasehold Improvements	Total
Cost:						
Balance at 1 January 2014	–	113,163	63,279	120,459	–	296,901
Additions	–	–	51,983	134,146	206,208	392,337
Balance at 30 June 2014	–	113,163	115,262	254,605	206,208	689,238
Balance at 1 January 2015	311,510	174,214	215,967	222,433	759,303	1,683,427
Additions	2,874,266	–	125,209	131,100	338,180	3,468,755**
Balance at 30 June 2015	**3,185,776**	**174,214**	**341,176**	**353,533**	**1,097,483**	**5,152,182**
Depreciation, depletion and amortisation:						
Balance at 1 January 2014	–	41,717	18,634	24,320	–	84,671
Charge for the period	–	11,316	6,262	20,903	26,576	65,057
Balance at 30 June 2014	–	53,033	24,896	45,223	26,576	149,728
Balance at 1 January 2015	–	66,385	36,375	51,327	155,436	309,523
Charge for the period	–	17,421	26,502	37,537	123,869	205,329
Balance at 30 June 2015	**–**	**83,806**	**62,877**	**88,864**	**279,305**	**514,852**
Carrying amounts:						
At 30 June 2015	**3,185,776**	**90,408**	**278,299**	**264,669**	**818,178**	**4,637,330**
At 31 December 2014	311,510	107,829	179,592	171,106	603,867	1,373,904
At 30 June 2014	–	60,130	90,366	209,382	179,632	539,510

*Oil and gas assets represent the Group's assets in the Otakikpo field which is currently undergoing development activities towards first oil in the 3rd quarter of 2015. Depreciation, Depletion and Amortisation (DDA) will commence when production activities commence on the field.

In June 2015, Lekoil Oil and Gas Investments Limited obtained ministerial approval for the transfer of a 40% participating interest in the Otakikpo field following the farm-in agreement with Green Energy International Limited ("GEIL") in May 2014. The unexpired lease term is approximately four years. The Directors believe that the lease term will be renewed for another 10 years upon expiration of the current lease term.

**Included in additions to property, plant and equipment of $3,468,755 are borrowing costs amounting to $207,953 representing capitalised interest and financing transactional costs with respect to $10 million loan from FBN Capital. These amounts are included in the loan balance (See Note 14) and have been adjusted for in the statement of cashflows.

7. Exploration and Evaluation (E&E) assets

E&E assets represent the Group's oil mineral rights' acquisition and exploration costs.

(a) The movement on the E&E asset account was as follows:

In US Dollars	30 June 2015	31 December 2014	30 June 2014
Balance at 1 January	**111,136,232**	102,558,594	102,558,594
Additions during the period (see (b) below)	**1,433,955**	8,577,638	15,759,585
Balance, end of period	**112,570,187**	111,136,232	118,318,179

(b) The additions during the period were attributable to the following:
Additions in the period mainly consist of the Group's share of expenditure on OPL 310 amounting to $1,335,567. Total expenditure incurred on OPL 310 from farm-in to 30 June 2015 amounts to $111,269,286 and is expected to be recovered in oil.

OPL 310 is a license granted to Optimum Petroleum Development Limited ("Optimum") by the Nigerian Government on 3 February 1992 for an initial term of five years. On 19 February 2009, the Department of Petroleum Resources confirmed the re- allocation of OPL 310 to Optimum with effect from 11 February 2009 for a period of ten years. The holders of OPL 310 expect to apply for the conversion of the OPL to an Oil Mining Lease (OML) for a duration of twenty years with effect from the end of the OPL subject to regulatory approval.

In January 2009, Afren Investments Oil and Gas (Nigeria) Limited ("Afren Oil & Gas") signed a Farm-Out Agreement with Optimum to acquire a 40% participating interest in OPL 310 and received ministerial consent in May 2009. Afren Oil & Gas, the technical partner on OPL 310, further signed a Participating Agreement and Production and Revenue Sharing Agreement (PRSA) with Optimum which entitled Afren Oil & Gas to a 70% economic interest in the asset.

In February 2013, Mayfair Assets and Trust Limited ("Mayfair"), a wholly owned subsidiary of Lekoil Nigeria Limited, farmed into Afren Oil & Gas' interest in OPL 310. Under the terms of the farm-in agreement with Afren Oil & Gas, Mayfair is entitled to a 17.14% participating interest and 30% economic interest.

The Group's right to the 17.14% participating interest is subject to ministerial consent to the farm-in agreement. Where ministerial consent is not received, any consideration paid by the Group to Afren Oil & Gas will not be refunded; however the company has rights, under a Risk and Financial services Agreement with Afren Oil & Gas, to interests in OPL 310 reserves and production and the expenditures to date will be classified as loans and advances.

At the instance of the licence holder the Company and its partners have been in discussions regarding options for the further appraisal of OPL 310 and the allocation of financial responsibilities and interests between the partners. The Board of Directors have considered the probable effect of aligning the partners' economic interests according to their respective participating interests after the appropriate level of cost recovery, and based on independent legal advice expect the matter to be resolved without significantly impacting the Company's economic benefits in the asset.

On 31 July 2015, Afren PLC, the ultimate parent company of Afren Oil & Gas, went into administration. Whilst based on available information the Directors believe that Afren Oil & Gas has not gone into administration or defaulted on its obligations in relation to OPL 310 or other applicable laws and regulations, there is concern as to the consequences of such a default should it occur in the future.

In August 2015, Lekoil filed an action with the Federal High Court, Ikoyi and obtained a temporary injunction that prevents Afren Oil and Gas and their agents and/privies from selling, offering for sale, disposing, alienating, encumbering or otherwise attempting to deal (in any manner whatsoever) with Mayfair's 17.14% participating interest and 30% economic interest in OPL 310. The current circumstances of Afren PLC and Afren Oil and Gas Limited, together with the fact that Mayfair is yet to obtain a ministerial consent for its farm-in into OPL 310 may give rise to doubt as to Mayfair's ability to recover it's investment in OPL 310 asset.

Based on the resource update on OPL 310 and taking account of the recent weakness in the oil price, the Directors are satisfied with the potential commercial viability of the discovered resources on the licence.

The Board of Directors has reviewed the carrying value of E&E assets relating to OPL 310 as at 30 June 2015, and are of the opinion that the valuation, although subject to significant uncertainty, remains appropriate in the circumstances and should not be impaired.

8. Intangible assets

The movement on the intangible assets account was as follows:

In US Dollars	Mineral rights acquisition costs	Geological and geophysical software	Accounting software	Total
Costs:				
Balance at 1 January 2015	7,000,000	1,406,308	57,125	8,463,433
Additions during the period	–	–	46,931	46,931
Balance at 30 June 2015	**7,000,000**	**1,406,308**	**104,056**	**8,510,364**
Accumulated amortisation:				
Balance at 1 January 2015	–	188,547	8,783	197,330
Additions during the period	–	138,142	12,042	150,184
Balance at 30 June 2015	**–**	**326,689**	**20,825**	**347,514**
Carry amounts:				
At 30 June 2015	**7,000,000**	**1,079,619**	**83,231**	**8,162,850**
At 31 December 2014	7,000,000	1,217,761	48,342	8,266,103

9. Inventories

Inventories consist of, pipes, tubings and other consumable materials used in the Group's operation on the Otakikpo field and OPL 310.

In US Dollars	**30 June 2015**	31 December 2014	30 June 2014
Pipes and tubulars	**2,584,908**	–	–
Completion accessories	**1,316,807**	–	–
Consumables	**140,304**	166,337	–
	4,042,019	166,337	–

10. Prepayments

Prepayments comprise:

In US Dollars	**30 June 2015**	31 December 2014	30 June 2014
Prepaid development costs (a)	**11,158,144**	3,705,797	–
Insurance	**29,165**	118,045	132,789
Rent	**900,536**	753,633	411,202
Community MOU deposits (b)	**756,277**	–	–
Others	**–**	98,050	–
	12,844,122	4,675,525	543,991
Non-current	**–**	121,643	–
Current	**12,844,122**	4,553,882	543,991
	12,844,122	4,675,525	543,991

(a) Prepaid development costs represents Green Energy International Limited (GEIL) share of costs (60% of joint operations' costs) in the Otakikpo field. Under the terms of the farm-in agreement, Lekoil Oil and Gas Investment Limited undertakes to fund GEIL participating interest share of all costs relating to the joint operation on the Otakikpo field, until the completion of the Initial Work Program. The Group will recover costs at an annual rate of LIBOR plus a margin of 10% through crude oil lifting when the field commences production. However, for expenditure above $70 million, the recovery rate increases to LIBOR plus a margin of 13%. The interest on carried cost has been included as part of the prepaid development costs.

10. Prepayments continued

(b) Lekoil Oil and Gas Investments Limited signed Memoranda of Understandings (MOU's) with its host communities - Ikuru Community- Otakikpo Development Trust Fund and Host Communities of Green Energy / Lekoil Development Trust Fund. Under the terms of the MOUs, Lekoil Oil and Gas Investments Limited will pay annually, the sum of NGN90 million ($453,766) and NGN60 million ($302,511) respectively into the dedicated community accounts of Ikuru Community – Otakikpo Development Trust Fund and Host Communities of Green Energy / Lekoil Development Trust Fund. The funds will be used for community development projects in the respective host communities. In April 2015, Lekoil Oil and Gas Investments Limited opened and funded bank accounts of the host communities with NGN90 million and NGN60 million respectively. As at 30 June 2015, no community project has been identified and consequently, no expenditure has been incurred in this regard.

11. Capital and reserves

(a) Share capital

In US Dollars	30 June 2015	31 December 2014	30 June 2014
Authorised	**50,000**	50,000	50,000
Issued, called up and fully paid	**18,152**	18,152	18,147
Total issued and called up share capital	**18,152**	18,152	18,147

	30 June 2015	31 December 2014	30 June 2014
In issue at 1 January	**18,152**	16,497	16,497
Issued for cash	**–**	1,650	1,650
Exercise of share options	**–**	5	–
Equity settled payments	**–**	–	–
In issue and fully paid, end of period	**18,152**	18,152	18,147
Authorised no. of shares - par value $0.00005 (2014: $0.00005)	**1,000,000,000**	1,000,000,000	1,000,000,000

(b) Share premium

Share premium represents the excess of amount received over the nominal value of the total issued share capital as at the reporting date. The analysis of this account is as follows:

In US Dollars	30 June 2015	31 December 2014	30 June 2014
Balance at 1 January	**207,947,439**	171,419,410	171,419,410
Additional issue of shares during the period	**–**	36,528,029	36,229,107
Closing balance	**207,947,439**	207,947,439	207,648,517

(c) Other reserves

Other reserves represent non-reciprocal contributions to investees.

12. Non-controlling interest

In US Dollars	30 June 2015	31 December 2014	30 June 2014
Lekoil Nigeria Limited	**20,763,091**	19,033,565	10,467,929
Lekoil Exploration and Production (Pty) Limited (Namibia)	**84,668**	77,480	63,597
	20,847,759	19,111,045	10,531,526

13. Asset retirement obligation

The asset retirement obligation ("ARO") primarily represents the estimated present value of the amount the Group will incur to plug, abandon and remediate its areas of operation at the end of their productive lives, in accordance with applicable legislations. The Group determines the ARO on its oil and gas properties by calculating the present value of estimated cash flows related to the liability when the related facilities are installed or acquired.

The Group has not recognised any provision for ARO in these consolidated interim financial statements as restoration activities on Ogo field (in OPL 310) were completed and Ogo-1 and side track well were plugged and abandoned, while work over/re-entry operations on Otakikpo wells had not commenced as of 30 June 2015.

14. Short-term loan

Lekoil Oil and Gas Investments Limited (a wholly owned subsidiary of Lekoil Nigeria Limited), entered into a Note Issuance Agreement with FBN Capital and subsequently received a debt finance of $10 million for the Otakikpo field development. The Note shall be redeemable in one bullet payment on the initial redemption date except if the Group elects to exercise the option to re-issue the Note. Where Lekoil Oil and Gas Investments Limited exercises the option to re-issue the Notes, it shall repay the principal amount of the Notes in three (3) instalments as follows:

- Up to $2,000,000 (including prepayments made prior to the initial redemption date, if any), payable immediately upon the issue of the final notes;
- $3,000,000, payable nine (9) months from the initial issue date; and
- $5,000,000, payable on the final redemption date.

The Notes bear interest at a rate referencing 90-day LIBOR plus 12% per annum. The principal plus accrued interest as at 30 June 2015 is $9,994,170 (2014: Nil).

15. Revenue

No revenue is reported in these condensed consolidated interim financial statements as the Group is yet to commence production of oil and gas.

16. Share-based payment arrangements

At 30 June 2015, the Group had the following share-based payment arrangements:

Share option scheme (equity-settled)
The Group established a share option scheme that entitles employees, key management personnel and consultants providing employment-type services to purchase shares in the Company. In accordance with the scheme, holders of vested options are entitled to purchase shares at established prices of the shares at the date of grant during a period expiring on the tenth anniversary of the effective date i.e. grant date. The grant dates for awards were 3 December 2010, 1 June 2011, 1 November 2011, 3 June 2012, 19 February 2013, 5 April 2013, 17 May 2013 and 26 March 2014 based upon a shared understanding of the terms of the awards at that time. There were no new issuance of stock options in the period to 30 June 2015.

17. Loss per share

(a) The calculation of basic loss per share has been based on the following loss attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

(i) Loss attributable to ordinary shareholders (basic)

In US Dollars	30 June 2015	30 December 2014	30 June 2014
Loss for the period attributable to owners of the Company	**(4,907,379)**	(1,929,741)	(3,882,333)

(ii) Weighted average number of ordinary shares (basic)

	30 June 2015	30 December 2014	30 June 2014
Issued ordinary shares at 1 January	**349,297,329**	329,002,380	327,174,160
Effect of shares issued in May 2014	**–**	20,252,055	3,616,438
Effect of share options	**–**	42,894	–
Weighted-average number of ordinary shares at period end	**349,297,329**	349,297,329	330,790,598

(b) The calculation of diluted loss per share has been based on the following loss attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

(i) Loss attributable to ordinary shareholders (basic)

In US Dollars	30 June 2015	30 December 2014	30 June 2014
Loss for the period attributable to owners of the Company	**(4,907,379)**	(1,929,741)	(3,882,333)

(ii) Weighted average number of ordinary shares (diluted)

	30 June 2015	30 December 2014	30 June 2014
Weighted-average number of ordinary shares (basic)	**349,297,329**	349,297,329	330,790,598
Effect of share options	**–**	7,386,791	1,156,979
Weighted-average number of ordinary shares (diluted) at period end	**349,297,329**	356,684,120	331,947,577

18. Related party transactions

(a) Transactions with key management personnel
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. These are the Directors of the Group.

Loans to key management personnel
Unsecured loan granted to a Director during the year ended 31 December 2014 amounted to $1,500,000. The loan has a three year term and bears interest at a rate of 4% per annum. Repayment is due at the end of the term (December 2017). At 30 June 2015, the balance outstanding including accrued interest was $1,534,059 (2014: $1,503,667) and is included in 'trade and other receivables'.

Key management personnel transactions
During the period ended 30 June 2015, Lekoil Oil & Gas Investments Limited entered into a contract with SOWSCO Wells Services Nigeria Limited, a company controlled by a Director, for the provision of Wells Completion Services. (The contract terms are based on market rates for this type of services and were due and payable under normal payment terms). The value of transaction and outstanding balance related to key management personnel and entities over which they have significant influence were $1.53 million and $0.640 million respectively.

18. Related party transactions continued

Key management personnel compensation

In addition to their salaries, the Company also provides non-cash benefits to key management personnel, in form of share based payments.

Key management personnel compensation comprised the following:

In US Dollars	**30 June 2015**	31 December 2014	30 June 2014
Short-term benefits	**2,013,125**	1,697,749	953,992
Share-based payments	**5,664**	1,270,918	19,823
	2,018,789	2,968,667	973,815

Details of Directors' remuneration (including fair value of share based payments) earned by each Director of the Company during the period are as follows:

	30 June 2015		31 December 2014		30 June 2014	
In US Dollars	**Short-term benefits**	**Share-based payments**	Short-term benefits	Share-based payments	Short-term benefits	Share-based payments
Samuel Adegboyega	**70,000**	**–**	120,000	–	43,045	–
Lekan Akinyanmi	**440,625**	**–**	296,755	687,500	407,812	–
David Robinson *	**1,352,500**	**–**	255,994	550,000	352,500	–
Aisha Muhammed-Oyebode	**50,000**	**2,549**	80,000	12,461	32,955	6,230
Atedo Peterside **	**–**	**–**	50,000	6,230	50,455	6,230
Greg Eckersley	**50,000**	**–**	80,000	–	32,500	–
John van der Welle	**50,000**	**3,115**	80,000	14,727	34,725	7,363
	2,013,125	**5,664**	962,749	1,270,918	953,992	19,823

*Resigned 26 June 2015 (Amount includes severance benefits of $1 million)

**Resigned 28 June 2014

Key management personnel and director transactions

Directors of the Company control 14.20% (2014: 14.20%) of the voting shares of the Company.

(b) Lekoil Limited, Cayman Islands has a Management & Technical Services Agreement with Lekoil Management Corporation (LMC) under the terms of which LMC was appointed to provide management, corporate support and technical services. The remuneration to LMC includes reimbursement for charges and operating costs incurred by LMC.

19. Events after the reporting date

There have been no events between the reporting date and the date of authorising these financial statements that have not been adjusted for or disclosed in these financial statements.

20. Financial commitments and contingencies

(a) On 17 October 2011, Lekoil Nigeria Limited signed the prepayment agreement relating to a proposed acquisition by Lekoil Nigeria Limited of an interest in another Nigerian field, OPL241 from Oilworld Limited ("Oilworld"). It was proposed that Lekoil Nigeria Limited acquire a 10% participating interest in OPL241 subject to negotiation of a commercial transaction and suitable documentation being agreed (the "OPL241 Acquisition") and certain payments being made by Lekoil Nigeria Limited to Oilworld. Lekoil Nigeria Limited paid a deposit of $1,000,000 on the understanding that this would be held by Oilworld as a deposit and applied by Oilworld towards any subsequent acquisition by Lekoil Nigeria Limited of a 1% participating interest in OPL241. Ministerial consent would be needed for the transfer of the interests although the OPL241 acquisition has not been completed and Oilworld is still holding the sum of $1,000,000 as a deposit on the above basis. The prepayment agreement also states that, if the OPL241 acquisition did not complete, Lekoil Nigeria Limited would have a right of first refusal over the 10% participating interest in OPL241 held by Oilworld (including the 1% interest to which the $1,000,000 deposit above refers). Oilworld commenced sole risk 3D seismic acquisition in 2013. The amount of $1,000,000 paid is included in exploration and evaluation assets.

(b) Lekoil Exploration and Production (Pty) Limited (Namibia) is bound to an agreement for the acquisition of a 77.5% participating interest in the Production Sharing Agreement (PSA) and operatorship in respect of Namibia Blocks 2514A and 2514B with Hallie Investments (Namibia) for the sum of $2.75 million, out of which an initial deposit of $69,660 was made. The amount of $69,660 paid is included in exploration and evaluation assets.

(c) Mayfair Assets and Trust Limited is bound to an agreement for the acquisition of a 17.14% participating interest and 30% economic interest in OPL 310. All capital and operating expenditure on OPL 310 will be borne 42.86% by Mayfair Assets and Trust Limited, until cost recovery is complete and then the capital expenditure paying interest reverts to 30%.

(d) Lekoil Oil and Gas Investment Limited is bound to the terms under a farm-in agreement with respect to Otakikpo marginal field. For a 40% economic and participating interest, the Company will fund all costs relating to the joint operation until the completion of the initial work programme.

In accordance with the farm-in agreement with Green Energy International Limited (GEIL), the Company will pay GEIL, contingent on production and receipt of ministerial consent to the license transfer, a production bonus of US$4 million.

(e) On 5 December 2014, Lekoil Oil and Gas Investment Limited ("LOG") signed a Memorandum of Understanding (MOU) with its host community, Ikuru with respect to the Otakikpo field area. The key items of the MOU include the following:

- LOG will allocate 3% of its revenue from the Liquefied Petroleum Gas (LPG) produced from the field to Ikuru Community in each financial year;
- LOG will allocate the sum of NGN 90 million ($534,791) annually for sustainable community development activities.

(f) In May 2015, the Company provided a corporate guarantee in favour of FBN Capital for loan notes issued by Lekoil Oil and Gas Investment Limited, a sub-subsidiary of the Company.

21. Litigation and claims

There are no litigations or claims involving the Group as at 30 June 2015 (2014: Nil).

22. Distribution

The half yearly report for the six month period ended 30 June 2015 will be shortly available on the Company's website (www.lekoil.com) or directly from the Company at its registered address.

Company information

Financial calendar

Announcements

- Full year results for 2015 are expected in April 2016.
- Half-year results for 2016 are expected in September 2016.

Dates are correct at the time of printing, but are subject to change.

Directors

Samuel Adegboyega *Non-Executive Chairman*
Olalekan Akinyanmi *Chief Executive Officer*
Gregory Eckersley *Non-Executive Director*
Aisha Oyebode *Non-Executive Director*
John Van Der Welle *Non-Executive Director*
H. Adesola Oyinlola *Non-Executive Director*

Registered office

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