

RNS Number : 7248C
MX Oil PLC
30 June 2016

MX Oil / Ticker: MXO / Index: AIM / Sector: Oil & Gas

30 June 2016

MX Oil plc ("MX Oil" or the "Company")

Final Results for the year ended 31 December 2015 and Notice of AGM

MX Oil plc, the AIM quoted oil and gas investing company, announces its final results for the year ended 31 December 2015.

The Company will today post its Report and Accounts for the year ended 31 December 2015 to all shareholders together with a Notice of Annual General Meeting which will be held at the offices of Adams & Remers LLP, Quadrant House, 55-58 Pall Mall, London SW1Y 5JH on Monday 25 July 2016 at 10:30am.

A full copy of the Annual Report for the year ended 31 December 2015 will shortly be available from the Company's website www.mxoil.co.uk.

MX Oil's Chief Executive Officer, Stefan Olivier said,

"The Company's Nigerian investment has progressed well during the year, with production having now commenced in May 2016 - we believe that this is a very significant achievement. Mexico has proved more difficult, however, the Company is now well placed to look at new opportunities in country as they arise. We remain well-funded and given the progress the Company has made to date, we are starting to see an increasing number of interesting opportunities that could make attractive investments for the Company. "

**** ENDS ****

For further information, please visit www.mxoil.co.uk or contact:

MX Oil PLC

Stefan Olivier, CEO

+44 20 7571 0473

Cairn Financial Advisers LLP

(Nominated Adviser)

Jo Turner/James Caithie

+44 20 7148 7900

Cornhill Capital

+44 20 7710 9612

(Broker)

Nick Bealer

Chairman's Statement

During the year, the MX Oil plc has continued to pursue its strategy as an oil and gas investment company, focusing principally on Mexico and Nigeria.

Mexico

The Company started the year focused on the Mexican energy sector and proceeded to build a technical team alongside its joint venture partner, Geo Estratos ("Geo") in order to analyse the various opportunities available. A significant amount of preparation work was then carried out in order to take part in Bid Round 1, an auction of a number of onshore licences by the Mexican government. In December 2015, the Company and Geo were successful in the auction process and were awarded four licences.

Subsequently, the Company decided that it was not appropriate to develop all of the licences that had been won and so it agreed to assign three of these to its partner whilst carrying out further technical investment appraisal work on the fourth licence. As part of the assignment process, and given the financial risk associated with signing the contracts for the four licences and providing bonding, the Company was only going to proceed with this on the basis that its partner deposited the assignment funds in escrow prior to the signature date and provided the bonding for each licence. Unfortunately, due to funding difficulties in Mexico, this did not take place and therefore the contracts for the licences could not be signed and their subsequent assignment could not take place.

Furthermore, having carried out more detailed work on the fourth licence with a competent person, it was concluded that this licence was ultimately unlikely to generate the required return to justify the necessary financial commitment. The Company therefore decided that it would not be in the Company's or shareholders' best interests to proceed with any of these licences particularly given the inherent risks associated with their funding in general. As a result, the Company has provided fully for the costs incurred in respect of this project. However, as part of this process, the Company has learnt a significant amount about the Mexican market and still believes that Mexico remains an attractive area for the production of hydrocarbons where the appropriate return can be generated. It is therefore now well placed to look at future opportunities.

Nigeria

In July 2015, the Company indirectly invested into a non-operated 5% revenue interest in OML 113, offshore Nigeria which includes the Aje field. This is a near term production asset with an initial phase involving the drilling of two wells. The overall investment price was \$4.8 million (£3.1 million), comprising cash, shares and contingent consideration.

The two wells have now been drilled and, in May 2016, oil production commenced. In February 2016, the Company agreed, prior to the commencement of production, to sell an option to acquire its investment for US\$18 million (£12.4 million) to GEC Petroleum Development Company Limited. However, payments have yet to be received under this agreement and so, given that production has now commenced, the oil price has recovered and the Company has recently raised £3.4 million, it has the flexibility to retain this investment if this is in the best interests of the Company and its shareholders.

Management

Since the year end the board has been further strengthened by the appointment of Nigel McKim as Chief Operating Officer and I have become non-executive chairman.

Financing

Since the beginning of 2015, the Company has raised over £11 million, against the background of a steeply falling oil price and weakness in the market for natural resource companies. This funding has comprised a combination of equity and convertible debt. These funds have principally been used to complete the financing of the Company's share of capital expenditure to bring the Aje field into production but also to fund the work in Mexico and for general working capital purposes. This figure excludes the recent fund raise of £3.4 million, part of which has been used to repay the balance of convertible bond still outstanding.

Outlook

After a busy year, the Company has made good progress. It has an investment in an oil and gas licence which has now commenced production and the Company is, at the same time, well-funded. Given this position, the Company is regarded as an attractive partner and is therefore seeing a number of interesting investment opportunities that could create additional value for shareholders going forward.

Nicholas Lee
Non-executive Chairman

Group Income Statement For the year ended 31 December 2015

	2015	2014
	£'000	£'000
Continuing operations		
Administrative expenses	(1,233)	(613)
Share based payment expense	(400)	(237)
Operating loss	(1,633)	(850)
Joint venture losses	(806)	(279)
Investment income	1	22
Other gains and losses	(450)	(42)
Loan note interest	(11)	–
loss on ordinary activities before taxation	(2,899)	(1,149)
Taxation	–	–
Loss for the year from continuing activities	(2,899)	(1,149)
Loss for the year from discontinued activities	–	(28)
Loss for the year	(2,899)	(1,177)
Basic and diluted loss per share		
Basic and fully diluted:		
From continuing operations	(1.02)p	(0.84)p
From continuing and discontinued operations	(1.02)p	(0.86)p

Group and Company Statements of Financial Position As at 31 December 2015

GROUP		COMPANY	
2015	2014	2015	2014

	£'000	£'000	£'000	£'000
NON-CURRENT ASSETS				
Available for sale investments	8,532	–	8,532	–
Investments	–	274	–	274
	8,532	274	8,532	274
CURRENT ASSETS				
Investments held for trading	39	214	39	214
Trade and other receivables	371	24	371	24
Cash and cash equivalents	224	1,520	224	1,520
	634	1,758	634	1,758
CURRENT LIABILITIES				
Trade and other payables	310	70	310	70
Borrowings	1,158	–	1,158	–
	1,468	70	1,468	70
NET CURRENT (LIABILITIES)/ASSETS	(834)	1,688	(834)	1,688
NON-CURRENT LIABILITIES				
Deferred consideration	677	–	677	–
	677		677	
NET ASSETS	7,021	1,962	7,021	1,962
EQUITY				
Share capital	7,659	5,879	7,659	5,879
Share premium	19,714	13,967	19,714	13,967
Loan note equity reserve	31	–	31	–
Reserve for options granted	172	172	172	172
Reserve for warrants issued	637	237	637	237
Retained deficit	(21,192)	(18,293)	(21,192)	(18,293)
Equity attributable to owners of the Company and total equity	7,021	1,962	7,021	1,962

**Group Statement of Changes in Equity
For the year ended 31 December 2015**

	Share capital £'000	Share premium £'000	Loan note equity reserve	Reserve for options granted £'000	Reserve for warrants issued £'000	Retained deficit £'000	Total equity £'000
At 1 January 2014	4,163	12,852	–	172	–	(17,116)	71

Loss for the year and total comprehensive expense	–	–	–	–	–	(1,177)	(1,177)
Issue of new shares	1,716	1,334	–	–	–	–	3,050
Share issue costs	–	(219)	–	–	–	–	(219)
Issue of warrants	–	–	–	–	237	–	237
At 31 December 2014	5,879	13,967	–	172	237	(18,293)	1,962
Loss for the period and total comprehensive income	–	–	–	–	–	(2,899)	(2,899)
Issue of new shares	1,780	6,185	–	–	–	–	7,965
Share issue costs	–	(438)	–	–	–	–	(438)
Issue of warrants	–	–	–	–	400	–	400
Issue of convertible loan notes	–	–	31	–	–	–	31
At 31 December 2015	7,659	19,714	31	172	637	(21,192)	7,021

Group and Company Statements of Cash flows For the year ended 31 December 2015

	GROUP		COMPANY	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
OPERATING ACTIVITIES				
Loss for the period	(2,899)	(1,177)	(2,899)	(1,177)
Adjustments for:				
Share based payment expense	400	237	400	237
Loss/(gain) on disposal of investments	16	(6)	16	(6)
Movement in fair value of quoted investments	79	29	79	29
Joint venture expenses	–	279	902	279
Provision for amount due from joint venture partner	–	–	374	–
Investment income	(1)	(22)	(103)	(22)
Loan note interest	11	–	11	–
Foreign exchange movement in respect of deferred liability	37	–	37	–
Impairment of joint venture investment	–	–	6	–
Operating cashflow before working capital changes	(2,357)	(660)	(1,177)	(660)
Decrease/(increase) in receivables	(79)	(21)	(347)	(21)
Increase/(decrease) in trade and other payables	246	34	246	34
Net cash outflow from operating activities	(2,190)	(647)	(1,278)	(647)
INVESTMENT ACTIVITIES				
Proceeds from disposal of investments	227	402	227	402
Purchase of investments held for trading	(147)	(639)	(147)	(639)

Investment in Nigerian asset	(5,940)	–	(5,940)	–
Advances to joint venture operation	–	(546)	(912)	(546)
Investment income	1	15	1	15
Net cash outflow from investment activities	(5,859)	(768)	(6,771)	(768)
FINANCING ACTIVITIES				
Continuing operations:				
Issue of ordinary share capital	6,013	3,050	6,013	3,050
Share issue costs	(438)	(219)	(438)	(219)
Net proceeds of issue of convertible loan notes	1,178	–	1,178	–
Net cash inflow from financing activities	6,753	2,831	6,753	2,831
Net (decrease)/increase in cash and cash equivalents from continuing operations	(1,296)	1,444	(1,296)	1,444
Net decrease in cash and cash equivalents from discontinued operations	–	(28)	–	(28)
Net(decrease)/increase in cash and cash equivalents from continuing and discontinued operations	(1,296)	1,416	(1,296)	1,416
Cash and cash equivalents at beginning of period	1,520	104	1,520	104
Cash and cash equivalents at end of period	224	1,520	224	1,520

Notes to the Financial Statements

1. General Information

The Company is a public limited company incorporated in the United Kingdom and its shares are listed on the AIM market of the London Stock Exchange.

The Company is an investment company, mainly investing in natural resources, minerals, metals, and oil and gas projects. The registered office of the Company is 17th Floor, 110 Bishopsgate, London EC2N 4AY.

The above information is an extract from the Report and Accounts, which should be read in full together with the accompanying notes.

2. Principal Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied throughout all periods presented in the financial statements.

As in prior periods, the Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies which can be found in full in the Annual Report.

The current period covered by these financial statements is the year to 31 December 2015. The comparative figures relate to the year ended 31 December 2014.

The financial statements are presented in pounds sterling (£) which is the functional currency of the Group.

An overview of standards, amendments and interpretations to IFRSs issued but not yet effective, and which have not been adopted early by the Group are presented below under 'Statement of Compliance'.

GOING CONCERN

The Group has cash balances at the period end of £224,000 and since the year end, the Company has raised a significant amount of new funding. Furthermore, the Directors have prepared cash flow forecasts through to 30 September 2017 which demonstrate that the Group is able to meet its liabilities as they fall due. On this basis, the Directors have a reasonable expectation that the Group has adequate resources to continue operating for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Group's financial statements.

3. Earnings Per Share

The basic and diluted earnings per share is calculated by dividing the loss attributable to owners of the Group by the weighted average number of ordinary shares in issue during the year.

	2015	2014
	£'000	£'000
Loss attributable to owners of the Group		
- Continuing operations	(2,899)	(1,149)
- Discontinued operations	–	(28)
Continuing and discontinued operations	(2,899)	(1,177)
	2015	2014
Weighted average number of shares for calculating basic and fully diluted earnings per share	283,826,937	136,537,670
	2015	2014
	pence	pence
Earnings per share:		
- Continuing operations (pence per share)	(1.02)	(0.84)
- Discontinued operations (pence per share)	–	(0.02)
Loss per share from continuing and discontinued operations	(1.02)	(0.86)

This information is provided by RNS
The company news service from the London Stock Exchange