Andalas Energy and Power Plc

('Andalas' or the 'Company')

Interim Results

Andalas Energy and Power Plc, the AIM listed upstream oil and gas and energy company (AIM: ADL), is pleased to announce its half-yearly report for the six months ended 31 October 2018.

Highlights:

- Agreement, conditional on various matters including the licence extension, entered into to acquire an initial 25% participating interest in Bunga Mas PSC
  - Long stop date for agreement to complete extended to 15 February 2019 to allow time for licence extension to be granted on terms satisfactory to Andalas.
  - The Bunga Mawar formation has 2.3 million barrels (gross) of best case contingent and prospective resources, which is expected to be the target of initial activities.
  - Other leads and prospects on the licence have total operator assessed best estimate prospective resources of 54 million barrels of oil and 26 BCF of gas (gross) .
- Agreement to farm-in to an 8% interest in Licence P1918, containing the Colter prospect.
  - Colter will evaluate a prospect that has been assessed to contain gross unrisked Mean Prospective Resources of 22 million barrels of oil ("MMBO") recoverable (1.76MMBO net) (Operator estimate).
- Andalas increased its interest in Eagle Gas Limited to 25%:
  - Badger prospect assessed to have gross mean prospective resources assessed to be 399 Billion cubic feet (Bcf) of recoverable gas (net of inerts and liquids) and 3.9 million barrels of natural gas liquids.
  - The OGA agreed a maximum 5 month extension of the Badger licence to 19 May 2019.
  - Extension granted to perform additional studies on the Ketch formation to identify whether there is further gas prospectivity on block.
- A total of £1.8million raised in oversubscribed placings
  - £1,000,000 raised via the issue of 100,000,000 shares at a price of 1 pence per share
  - £800,000 raised via the issue of 69,565,217 shares at a price of 1.15 pence per share (plus the issue of 34,782,608 warrants with a 2 pence exercise price)

Andalas' Chief Executive Officer, Simon Gorringe, said:

"The period under review represented another major forward step towards creating a Company with a balanced portfolio of oil and gas opportunities, following the Board changes announced in April 2018. Today we have three areas of focus Bunga Mas, Colter and Badger; each of which have major near term catalysts that have the potential to create material shareholder value. Following the hard work invested in 2018, we look forward to an exciting start to 2019, that we expect will set the platform from which we can continue the journey to take Andalas forward to its ultimate goal of being a producing oil and gas company with a portfolio of projects across the entire exploration and production cycle that expose shareholders to significant upside."

-ENDS-

Market Abuse Regulations (EU) No. 596/2014

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR"). Upon the publication of this announcement via Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain.

Interim Statement

Andalas Energy and Power PLC ("Andalas", the "Group" or the "Company") has materially restructured its business in the period under review. The Company aims to be a leading developer of low-risk conventional upstream assets across Indonesia and the UK. In pursuit of this goal, significant progress has been made with the introduction of two new opportunities, Colter and Bunga Mas and an increase in the Company's interest in the Badger prospect.

Operations

United Kingdom

Investment in Eagle Gas Limited: Badger prospect

During the period the Company increased its interest in Eagle Gas Limited ("Eagle") (announced 25 July 2018) to 25% and appointed Simon Gorringe to the board of Eagle. Eagle announced that the operator of the project, its 100% owned subsidiary Holywell Resources Limited, had completed the interpretation of the reprocessed 3D seismic covering the block. Following the completion of this work programme, Holywell had assessed the resource potential of the Badger gas prospect to have Gross mean prospective resources of 399 Billion cubic feet (Bcf) of recoverable gas (net of inerts and liquids) and 3.9 million barrels of natural gas liquids.

Following the resource assessment the operator opened a data-room to identify potential industry partners to participate in the project and provide funding for the drilling of an exploration well to test the potential of the Badger prospect. As a result of this process the operator identified that it needed further time to complete additional studies on the Ketch formation as further studies have identified additional gas prospectivity; accordingly a request for a licence extension was made to the OGA and on 17 December the initial period of the licence was extended by a further 5 months to 19 May 2019.

Andalas remains supportive of its investment in Eagle Gas Limited and looks forward to making further announcements on the results of the additional studies and updates on the farm-in process.

Colter

We acquired an interest in the Colter project in September 2018. As at the date of these accounts the project will be drilled and tested during Q1 2019 and we look forward to providing further updates on the project in the coming weeks.

Colter was selected as an investment for Andalas because it exposed shareholders to a project with near term activity that had a good balance of risk (58.5% chance of success) and reward (1.76million barrel of oil potential) where our economic modelling suggests that success can be expected to have a transformational impact on Andalas, whilst still only representing one part of Andalas' growing portfolio.

The agreement to farm-in to the Colter licences was entered into on 20 September 2018. The cost to Andalas of farming into the licence, included the funding of the back costs on the licence (£45,000), together with the obligation to fund 10.67% of the forward costs related to this well, capped at a gross cost of £8.0 million. Andalas will be responsible for funding its 8% share of incremental costs above this cap. The Operator estimates the well cost to be £7.5m (approximately £800,000 net to Andalas).

Indonesia

Bunga-Mas

Indonesia is a core focus area of the Company. The country's oil and gas industry is similar in size to that of the UK. Our decision to remain in Indonesia is founded on our belief that a number of Indonesia's on-shore regions such as Sumatra have near-term development and production opportunities that can be acquired at attractive entry prices.

We selected Bunga-Mas as our first pure oil and gas investment in Indonesia because it had a very low cost of acquisition (19.6million shares only on completion) for a major interest in a project that has a blend of appraisal assets with near term production potential (up to 2.3 million barrels of best case contingent and prospective resources) and significant upside in the form of an inventory of other leads and prospects on the licence that have total operator assessed best estimate prospective resources of 54 million barrels of oil and 26 BCF of gas.

The acquisition of Bunga-Mas is conditional on, amongst other things, the extension of the licence to ensure the licence is in good standing prior to the commencement of any work programme to test the Mawar formation. On 11 January 2019 the Vice Energy Minister announced that the Bunga-Mas PSC was one of six licences to be converted into a Gross-split PSC, which Andalas regards as an important and positive step in this process towards securing the licence extension on terms acceptable to Andalas and validates our decision to grant an extension to long stop date to 15 February 2019.

We expect the precise details of the licence extension to be made available to Andalas next month. Following receipt of the final terms we will provide further updates to the market in regard to the next steps.

Other projects

The Company is disappointed that there has not been further progress in the period on its legacy well-head IPP projects. As at the date of these financial statements the Company considers these interests non-core to its oil and gas strategy. The Company's accounting policy has been to expense these costs to the profit and loss account as incured.

As at 31 October 2018 the Company considers that the Sumatra-1 project to be the most advanced project, as it has the potential to progress as either a gas to power project or as a pure upstream gas development. The Company continues to work with the owner of this asset to see if there is the opportunity to work together to monetise the gas resource, however as at the date of this report no agreement has been reached to progress the project and there can be no guarantee that any agreement will be reached.

As previously reported, the Puspa project will not be actively advanced until and unless Sumatra-1 has been de-risked. Finally since the period end the Company has taken the decision to abandon Jambi-1 due to the lack of progress made on this project.

Financial Review

The Group held a cash balance of US$1,164,000 at 31 October 2018 (US$38,000 at 30 April 2018), which illustrates the material progress made since the board changes in April 2018.

The period under review also showed the impact of our continued efforts to maintain the reduced cost base of the Company. During the period under review the Company incurred US$868,000 (prior period to 31 October 2017: $1,015,000) of administrative costs. The Company continues to monitor its cash position and cost base carefully whilst the Company progresses its project offering.

Outlook

The board believes the Company is now in a good position to reap the benefits of its new strategy. Shareholders can look forward to the Company participating in new and exciting upstream E&P opportunities, alongside existing opportunities, that each have the potential to deliver material value**.**

Simon Gorringe
Chief Executive Officer
30 January 2019

Consolidated Statement of Comprehensive Income
For the six months ended 31 October 2018

	Note	(Unaudited) 6 Months to 31 October 2018 US$'000	(Unaudited) 6 Months to 31 October 2017 US$'000	(Audited) 12 Months to 30 April 2018 US$'000
Other income		13	-	-
Total Administrative Expenses		(881)	(1,015)	(1,161)
Operating Loss		(868)	(1,015)	(1,161)
Finance costs		-	(173)	(173)
		(868)	(1,188)	(1,334)
Loss before and after taxation attributable to owners of the parent		(868)	(1,188)	(1,334)
Total comprehensive loss for the period / year attributable to owners of the parent		(868)	(1,188)	(1,334)
Basic and diluted loss per share (US dollar cents)	3	(0.34)	(1.60)	(1.40)

Consolidated Statement of Financial Position
At 31 October 2018

	Note	(Unaudited) 31 October 2018 US$'000	(Unaudited) 31 October 2017 US$'000	(Audited) 30 April 2018 US$'000
Non-current assets				
Equity investment in associate		413	-	207
Tangible assets	5	224	-	-
Total non-current assets		**637**	**-**	**207**
Current assets				
Trade and other receivables		332	61	861
Cash and cash equivalents		1,164	196	38
Total current assets		**1,496**	**257**	**899**
Total assets		**2,133**	**257**	**1,106**
Current liabilities				
Trade and other payables		(723)	(1,442)	(1,045)
Total liabilities		**(723)**	**(1,442)**	**(1,045)**
Net Assets / (liabilities)		**1,410**	**(1,185)**	**61**
Equity attributable to the owners of the parent:				
Share premium	8	15,506	11,996	13,377
Accumulated deficit		(14,096)	(13,181)	(13,316)
Total surplus / (deficit)		**1,410**	**(1,185)**	**61**

Consolidated Statement of Changes in Equity
For the six months ended 31 October 2018

	Share Premium US$'000	Accumulated Deficit US$'000	Total Equity US$'000
Balance at 30 April 2017 (audited)	**10,084**	**(12,113)**	**(2,029)**
Loss for the period	-	(1,188)	(1,188)
Total comprehensive loss for the period	-	(1,188)	(1,188)
Transactions with equity owners of the parent			
Share based payments - warrants	(80)	120	40
Issue of shares	2,140	-	2,140
Share issue costs	(148)	-	(148)
Balance at 31 October 2017 (unaudited)	**11,996**	**(13,181)**	**(1,185)**
Loss for the period	-	(146)	(146)
Total comprehensive loss for the period	-	(146)	(146)
Transactions with equity owners of the parent			
Share warrants issued	(9)	11	2
Consideration shares	35	-	35
Proceeds from share issue	1,492	-	1,492
Share issue costs	(137)	-	(137)
Balance at 30 April 2018 (audited)	13,377	(13,316)	61
Loss for the period	-	(868)	(868)
Total comprehensive loss for the period	-	(868)	(868)
Transactions with equity owners of the parent			
Share based payments - warrants	(48)	48	-
Share based payments - options	-	40	40
Consideration shares	46	-	46
Proceeds from share issue	2,341	-	2,341
Share issue costs	(201)	-	(201)
Balance at 31 October 2018 (unaudited)	**15,506**	**(14,096)**	**1,410**

Consolidated Statement of Cash Flows
For the six months ended 31 October 2018

	(Unaudited) 6 Months to 31 October 2018	(Unaudited) 6 Months to 31 October 2017	(Audited) 12 Months to 30 April 2018
	US$'000	US$'000	US$'000
Cash flows from operating activities			
Loss for the period	(868)	(1,188)	(1,334)
Adjustments for:			
Finance cost	-	173	173
Share based payments	40	-	-
Changes in working capital:			
Change in trade and other receivables	(298)	97	124
Change in trade and other payables	(253)	(104)	(741)
Net cash flows used in operating activities	(1,380)	(1,022)	(1,778)
Cash flows from investing activities			
Purchase of intangible asset	(224)	-	-
Purchase of available for sale investment	(159)	-	-
Net cash flows used in investing activities	(383)	-	-
Cash flows from financing activities			
Proceeds from issue of share capital	3,167	2,140	2,805
Share issue costs	(279)	(148)	(217)
Repayment of borrowings	-	(781)	(781)
Net cash flows from financing activities	2,888	1,211	1,807
Net increase in cash and cash equivalents	1,125	189	29
Cash and cash equivalents at start of period	38	8	8
Effect of exchange rate fluctuations on cash balances	1	(1)	1
Cash and cash equivalents at end of period / year	1,164	196	38

Major non-cash transactions are detailed in notes 4, 5 and 8.

Notes to the consolidated interim financial information
For the six months ended 31 October 2018

1. General information

The Company was incorporated on 19 September 2006 in the Isle of Man as a public limited company. The address of its registered office is IOMA House, Hope Street, Douglas, Isle of Man. The Company is listed on AIM, which is operated by the London Stock Exchange.

2. Basis of preparation

Andalas Energy and Power plc (the "Company") is presenting unaudited financial information as of and for the six months ended 31 October 2018. The consolidated interim financial information statements of the Company for the six months ended 31 October 2018 comprise the results of the Company and its wholly owned subsidiaries (together referred to as the "Group").

The consolidated interim financial information for the period 1 May 2018 to 31 October 2018 is unaudited. The comparatives for the full year ended 30 April 2018 do not represent the Company's full accounts for that year although they were derived from them. The auditor's report on those financial statements was unqualified but did contain an emphasis of matter paragraph in respect of the going concern status of the Group. It does not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2018 Annual Report.

As at the date of these financial statements, the ability of the Company, and therefore the Group, to continue as a going concern will require further funding to be raised at some point during the next 12 months. The Directors remain confident that the capital required to allow the Group to realise its strategic objectives will be available to enable the Company to continue to finance its activities beyond the period of twelve months from the date of this report. Accordingly these interim financial statements have been prepared on a going concern basis.

The financial information contained in this interim report does not constitute full accounts, which are available from the company's website www.andalasenergy.co.uk. The annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). The consolidated interim financial statements have been prepared using the accounting policies which will be applied in the Group's financial statements for the year ended 30 April 2019. As allowed under the AIM rules the consolidated financial information has not been prepared in accordance with IAS 34.

The same accounting policies, presentation and methods of computation are followed in the interim consolidated financial statements as were applied in the Group's latest annual audited financial statements except that in the current financial year, the Group has adopted a number of revised Standards and Interpretations. However, none of these has had a material impact on the Group's reporting. In addition, the IASB has issued a number of IFRS and IFRIC amendments or interpretations since the last annual report was published. It is not expected that any of these will have a material impact on the Group but the Group continues to assess the potential implications of IFRS 9.

The interim consolidated financial statements were approved by the Board and authorised for issue on 30 January 2019.

3. Loss per share

The basic and diluted loss per share is calculated by dividing the loss for the period/year attributable to ordinary shareholders by the weighted average number of shares outstanding during the period:

	6 months ended 31 October 2018 (unaudited)	6 months ended 31 October 2017 (unaudited)	Year ended 30 April 2018 (audited)
Loss attributable to ordinary shareholders of the Company ($'000s)	(868)	(1,188)	(1,334)
Weighted average number of shares in issue ('000s)	257,456	74,124	95,044
Basic loss per share (US cents)	**(0.34)**	**(1.60)**	**(1.40)**

The loss per share of all periods reflects the 50:1 share consolidation on 9 August 2018, as detailed in note 8.

In accordance with International Accounting Standard 33 'Earnings per share', no diluted earnings per share is presented as the Group is loss making.

4. Intangible asset

Cost and Net Book Value	31 October 2018 US$'000	31 October 2017 US$'000	30 April 2018 US$'000
Brought forward	-	-	-
Additions	224	-	-
Carried forward	**224**	**-**	**-**

The capitalised cost in the period related to the acquisition of an 8% interest in the Colter project via a farm-in.

The agreement to farm-in to the Colter licences was entered into on 20 September 2018. The cost to Andalas of farming into the licence, included the funding of the back costs on the licence (£45,000), together with the obligation to fund 10.67% of the forward costs related to this well, capped at a gross cost of £8.0 million. Andalas will be responsible for funding its 8% share of incremental costs above this cap. The Operator estimates the well cost to be £7.5m (£800,000 net to Andalas).

5. Related party transactions

As at 31 October 2018 the following balances were included in trade payables and were outstanding in respect of Directors remuneration at the period end.

	Outstanding at 31 October 2018 (unaudited) $'000	Outstanding at 31 October 2017 (unaudited) $'000	Outstanding at 30 April 2018 (audited) $'000
Daniel Jorgensen	132	200	87
Ross Warner	38	50	-
Simon Gorringe	38	50	-
Graham Smith	-	10	9
Robert Arnott	-	67	71
Total Key Management	**208**	**486**	**167**

In the prior period each of Ross Warner, Simon Gorringe and Daniel Jorgensen waived $100,000 of contracted but unpaid fees.

6. Share based payment

The following is a summary of the share options and warrants outstanding and exercisable as at 31 October 2018, 30 April 2018 and 30 April 2017 and the changes during each period:

	Number of options and warrants	Weighted average exercise price (Pence)
Outstanding and exercisable at 30 April 2017	**144,261,995**	**0.612**
Warrants granted	361,538,462	0.084
Outstanding and exercisable at 31 October 2017	**505,800,457**	**0.235**
Warrants granted	903,275,486	0.041
Outstanding and exercisable at 30 April 2018	**1,409,075,943**	**0.110**
50: 1 consolidation at 9 August 2018	(1,380,894,424)	-
Warrants granted	45,999,999	1.77
Options granted	36,000,000	2.00
Outstanding and exercisable at 31 October 2018	**110,181,518**	**2.79**

The above has been expressed in pence and not cents due to the terms of the options and warrants. The following share options or warrants were outstanding and exercisable in respect of the ordinary shares:

Grant Date	Expiry Date	31 Oct 2017	Issued	30 April 2018	Issued	31 October 2018
Warrants						
07.12. 13	07.12.18	10,839,750	-	10,839,750	-	10,839,750
24.01.14	24.01.19	26,410,714	-	26,410,714	-	26,410,714
13.05.16	13.05.21	42,000,000	-	42,000,000	-	42,000,000
31.01.17	31.01.22	10,000,000	-	10,000,000	-	10,000,000
31.01.17	31.01.22	8,000,000	-	8,000,000	-	8,000,000
31.01.17	31.01.22	6,666,666	-	6,666,666	-	6,666,666
22.05.17	22.05.22	15,000,000	-	15,000,000	-	15,000,000
22.05.17	22.05.22	35,000,000	-	35,000,000	-	35,000,000
31.07.17	31.07.22	150,000,000	-	150,000,000	-	150,000,000
19.08.17	19.08.22	90,769,231	-	90,769,231	-	90,769,231
01.09.17	01.09.22	70,769,231	-	70,769,231	-	70,769,231
06.12.17	06.17.22	-	638,569,604	638,569,604	-	638,569,604
29.04.18	29.04.21	-	264,705,882	264,705,882	-	264,705,882
03.08.18	02.08.21	-	-	-	300,000,000	300,000,000
Consolidation		(456,146,480)	(885,209,976)	(1,341,356,456)	(294,000,000)	(1,635,356,456)
20.09.18	20.09.21	-	-	-	5,217,391	5,217,391
20.09.18	20.09.21	-	-	-	34,782,608	34,782,608
Options						
07.12.13	07.12.18	6,000,000	-	6,000,000	-	6,000,000
05.06.15	05.06.18	34,344,865	-	34,344,865		34,344,865
Consolidation		(39,537,968)	-	(39,537,968)	-	(39,537,968)
01.10.18	01.10.23	-	-	-	36,000,000	36,000,000
		10,116,009	**18,065,510**	**28,181,519**	**81,999,999**	**110,181,518**

The Group recognised $88,000 (30 April 2018: $131,000, 31 October 2017: $120,000) relating to equity-settled share based payment transactions during the period arising from Option or Warrant grants, which was charged as $48,000 in respect of services performed in connection with the issue of new shares to share premium and $40,000 as payment for professional fees to the income statement.

There are 2,060,692 of unvested options (30 April 2018: 2,060,692, 31 October 2017: 2,060,692), that are held by certain Directors and consultants, which vest in three equal tranches relating to acquiring an economic interest in a first concession, an interest in a second concession and gross production from its interest in projects exceeding 400BOPED. As the triggers for the grant of the tranches have not occurred at the reporting date no share based payment charge arises.

On 2 October 2018 the Company awarded a total of 36,000,000 options over ordinary shares to its Directors and key consultants. The options are all exercisable at 2 pence per share, representing a premium of 83.5% over the closing share price on 1 October 2018 and vest, over a two-year period as set out below:

- Tranche 1 vests immediately;
- Tranche 2 vests on 1 October 2019; and
- Tranche 3 vests on 1 October 2020.

For the share options and warrants outstanding as at 31 October 2018, the weighted average remaining contractual life is 4.06 years (30 April 2018: 4.55 years, 31 October 2017: 4.18 years).

7. Share capital

All shares are fully paid and each ordinary share carries one vote. No warrants have been exercised at the reporting date.

Allotted, called-up and fully paid:	**Number**	**Pence per share**	**Share premium $'000s**
Balance at 30 April 2017	**2,493,167,975**		**10,084**
22/05/17 – Equity placing	600,000,000	0.100	776
Cost of issue	-	-	(48)
18/08/17 – Equity placing	1,615,384,615	0.065	1,362
Cost of issue	-	-	(178)
Balance at 31 October 2017	**4,708,552,590**		**11,996**
25/11/17 – Equity placing	1,277,139,208	0.0391	667
Cost of issue	-	-	(68)
30/04/18 – Equity placing*	3,529,411,765	0.017	827
Cost of issue	-	-	(80)
30/04/18 – Consideration shares*	147,058,824	0.017	35
Balance at 30 April 2018	**9,662,162,387**		**13,377**
10/07/18 – Equity placing	2,000,000,000	0.020	528
Cost of issue	-	-	(72)
25/07/18 – Consideration shares*	147,058,824	0.024	46
Consolidation of ordinary shares at 9 August 2018	(11,573,036,787)	-	-
10/08/18 – Equity placing	60,000,000	1.00	765
Cost of issue	-	-	(70)
1/10/18 – Equity placing	69,565,217	1.15	1,048
Cost of issue	-	-	(116)
Balance at 31 October 2018	**365,749,460**		**15,506**

* Non-cash item per the consolidated cash flow statement

Prior period disclosure:

At the period end the Company has the obligation under the Corsair assignment agreement (dated 4 June 2015 and updated on 27 April 2017) to issue a further 1,875,000 shares subject to the Milestones described below being achieved:

(i) the acquisition by the Company of one concession in Indonesia;
(ii) (ii) the acquisition by the Company of a second concession in Indonesia; and
(iii) (iii) gross production from projects in which the Company has an economic interest exceeding 400 bopd for a period of 30 days

Of the 1,875,000 shares each of Ross Warner and Simon Gorringe would receive 25% of this amount. At the reporting date the Company had not recorded these as a liability. Other than the Corsair consideration options and the Corsair consideration shares there were no other obligations to Corsair at 31 October 2018.

8. Events after the reporting date

On 17 December 2018 the Company announce that the OGA has agreed a 5 month extension of the initial term of licence P2112 to 19 May 2019. As announced on 25 July 2018, the terms of our subscription agreement with Eagle Gas Limited required that a further £100,000 of consideration shares would be issued when the licence was extended beyond 31 December 2018. Accordingly, the £100,000 nil par value shares will be issued and announced separately and the number of shares will be calculated by reference to the share price calculated as 90% of the volume weighted average price over the 3 trading days prior to 1 January 2019.