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**NODDING DONKEY PLC**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 APRIL 2014**

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**NODDING DONKEY PLC**

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**COMPANY INFORMATION**

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<b>Directors</b>	Conrad Windham Noel Lyons James Negaard (appointed 21 February 2014)
<b>Company secretary</b>	Buckingham Corporate Services Limited
<b>Registered number</b>	07603259
<b>Registered office</b>	2nd Floor 1 Bentinck Street London W1G 2EA
<b>Independent auditors</b>	UHY Hacker Young Chartered Accountants & Registered Auditors Quadrant House 4 Thomas More Square London E1W 1YW

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**NODDING DONKEY PLC**

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## NODDING DONKEY PLC

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### CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 30 APRIL 2014

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I write at a time when Nodding Donkey plc is on the cusp of entering a new and exciting phase in its development. In the two years since the Company through its 86.95% owned subsidiary, Equatorial Oil & Gas plc ("Equatorial"), took its first steps in Botswana, it has worked to position itself at the forefront for the development of shale gas and coal bed methane in the country through organic and acquisitive means.

#### **Progress in Botswana for Shale Gas Development**

In July 2014 we announced that Equatorial had acquired 85% of Tamboran Botswana (Pty) Ltd ("Tamboran"), previously a wholly owned subsidiary of Tamboran Resources Ltd. Tamboran is the holder of EL001/2012, a petroleum exploration licence prospective for shale gas deposits, covering approximately 56,000 square kilometres (c 13.8 million acres) of the Gemsbok Basin in South-West Botswana.

The consideration for the acquisition was satisfied through Equatorial taking on the current obligations of Tamboran's licence, EL001/2012, along with a cash payment of \$20,000, payable in two equal instalments, of which the first payment is due by 31 December 2014, and the second payment by 31 December 2015.

In addition to being the holder of the EL001/2012 petroleum exploration licence, Tamboran has two other petroleum applications in Botswana, which are anticipated to come under its control in due course, and which are duly discussed herein. Equatorial has agreed to pay Tamboran Resources Ltd \$20,000 per new petroleum licence granted.

Work undertaken by Tamboran, in conjunction with historic work by Botswana's Geological Survey, has confirmed the potential of the licence for shale gas. An historic borehole, drilled purely for stratigraphic purposes, confirmed the presence of friable black shales in the Bori formation of the Eccca, a group of sedimentary geological formations found in southern Africa. In addition, high total organic carbon ("TOC") values have been returned, confirming high levels of organic material, kerogen, within the rock. Typically, the higher the TOC value, the better the potential for hydrocarbon generation, for kerogen is the source material for all hydrocarbon resources.

Overlying the dark grey and black shales within the Bori formation are sandstones, siltstone, coals and mudstones, providing an environment conducive to potentially host gas. Stratigraphic correlations can be drawn between the geology of South Africa's Karoo Basin, which is known to host substantial shale gas resources, and the geology of Botswana's Kalahari Karoo Basin. To date there has been limited stratigraphic drilling to the depths of these early Permian basins in Botswana but, what is known, lends support to the notion of the Gemsbok basin shales hosting natural gas.

Contiguous to the south of the EL001/2012 licence held by the Group's Tamboran subsidiary, is the licence application made by Equatorial, which is anticipated to be formally granted in the near future, and which covers an area of over 29,000 square kilometres. This area covers the southern section of the Gemsbok Basin.

In addition to holding the EL001/2012 petroleum exploration licence, Tamboran has two other petroleum exploration licence applications in Botswana, which are anticipated to come under its control in due course. The first such application is contiguous to the east of Tamboran's EL001/2012 licence, and is located within the Western Central Kalahari sub-basin, whilst the second application is located predominantly within the highly-prospective Northern Belt of the Central Kalahari sub-basin.

The Central Kalahari sub-basin has seen a strong level of activity and interest for coal bed methane ("CBM"), with promising results being returned from companies drilling in this area. Typically the primary CBM targets have been the Kamotaka, Morupule, and Serowe Formations within the Eccca Group stratigraphy, which are within the Artinskian, Kunguarin, and Ufimian/Kazanian epochs of the mid-late Permian geologic period. This has seen drilling to target coal seam depths ranging from 300 – 700 metres.

It is anticipated that shale gas reservoirs would lie beyond these depths within the Bori formation of the Asselian and Sakmarian epochs. To date there has been next to no drilling to these depths in Botswana, which is one of the key reasons for its potential to host shale gas reservoirs having been ignored. The presence of gas within the coal seams further supports the notion of the deeper shales also hosting gas.

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## NODDING DONKEY PLC

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### CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 30 APRIL 2014

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Of further geologic importance is that this application covers the entirety of the Mmashoro sub-basin, a structural low that has the requisite conditions for gas to be hosted within shales. The Mmashoro low is one of the deepest parts of the Kalahari Karoo basin, which is important, as burial depth is essential so as to enable catagenesis, the conversion of kerogen to hydrocarbons, to occur. The Kalahari Karoo basin is predominantly a relatively shallow basin, and hence why the Mmashoro basin represents a high priority target within the overall Kalahari Karoo basin for hosting shale gas.

#### **Coal Bed Methane Licence Application in Botswana**

In addition to its portfolio of granted and pending licences for the exploration of shale gas in Botswana, Equatorial is also awaiting the granting of its application for two Energy Minerals licences targeting coal bed methane ("CBM"). The two blocks cover 1,279.6 square kilometres of the Western Central Kalahari Karoo Basin.

Equatorial drilled a borehole in this area in 2013, when it was subject of a farm-in agreement, which was subsequently terminated by mutual consent. The assay results revealed excellent TOC values of between 13.32% and 65.74% from a coal horizon thickness of 7.88 metres, and values of between 1.92% and 49.06% from the second horizon of a 3.79 metre thickness, which confirmed the prospectivity of the licence for CBM.

Geologically the licence is in the proximity of the Lephephe structural low, which is a sub-basin of the Kalahari Karoo basin. The Lephephe low, along with the Mmashoro low sub-basin, are the two high priority targets for hydrocarbons in Botswana, as the potential source rock of the Ecca is thicker than in other parts of the Kalahari Karoo basin, whilst the thick basalts provide for favourable thermal conditions to facilitate maturation, whilst also serving as a seal.

Other companies exploring in the proximity of the CBM licence applied for have returned encouraging results, with both the depth of the coal seams and concentration of gas within the coal seams being favourable for commercial production.

The next phase for Nodding Donkey is to secure the requisite funding to commence work on developing its hydrocarbon portfolio in Botswana. With such development we are cognisant of both social and environmental sensitivities, and will at all stages aim to protect the biodiversity of the surroundings.

#### **Strengthening of the Board of Directors**

In February we announced the appointment of Mr James Negaard as the Company's Independent Non-Executive Director. Mr Negaard has extensive global business and international marketing experience gained from his tenure at American Optical, a multi-national company with wide interests throughout the Middle East, South East Asia, Australia, and North Africa. He also has a knowledge and understanding of the ISDX market, having historically been a director of a constituent company on the exchange.

We are cognisant that the Company would benefit through the board being strengthened further, and anticipate fulfilling such a corporate objective in the coming months.

#### **Financials**

The financial results for the twelve months to 30 April 2014 show a loss after taxation of £121,311 (2013: £193,841), which is attributable to ongoing administrative costs associated with the running of the Company, and to the development of the Group's interests in Botswana.

#### **Outlook**

Nodding Donkey has made very meaningful progress toward building an enviable portfolio of hydrocarbon interests in Botswana. With southern Africa in the midst of an ongoing energy crisis, due to the demand for electricity exceeding supply, Nodding Donkey is poised to play a role in potentially alleviating the situation.

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**NODDING DONKEY PLC**

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**CHAIRMAN'S STATEMENT  
FOR THE YEAR ENDED 30 APRIL 2014**

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Botswana represents a new frontier for hydrocarbon exploration and development, with the country's geology conducive to hosting both commercially exploitable coal bed methane reserves, and potentially more significant shale gas reserves.

The portfolio of licences that the Group could soon have under its control will make it the largest holder of licences by area within Botswana. We look forward to announcing developments that will enable the Group to do justice to this position, and view the future with real confidence.

Finally, I would like to give special thanks to my co-director and co-founder of Nodding Donkey, Noel Lyons, for his tireless efforts in working to ensure the success of this Company.

Conrad Windham  
Chairman, 31 October 2014

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## NODDING DONKEY PLC

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### DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2014

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The directors present their report and the financial statements for the year ended 30 April 2014.

#### Results

The loss for the year, after taxation and minority interests, amounted to £121,311 (2013 - loss £193,841). The directors do not recommend payment of a dividend (2013: £Nil).

#### Directors

The directors who served during the year were:

Conrad Windham  
Noel Lyons  
James Negaard (appointed 21 February 2014)

#### Directors' interests

At 30 April 2014, Conrad Windham had an interest in 8,212,712 ordinary shares of 0.25p each and Noel Lyons had an interest in 8,194,212 ordinary shares of 0.25p each. There have been no changes in these interests up to 31 October 2014.

#### Financial instruments

The group's financial instruments comprise listed investments, bank balances, trade creditors and other creditors all arising in the normal course of business. The purpose of these financial instruments is to finance the group's operations.

The group manages liquidity risk and cash flow risk by monitoring its cash balances and ensuring that funds are available to meet liabilities as they fall due. The group's core funding comes from the proceeds of share issues.

The group's exposure to changes in interest rates relates primarily to cash at bank. Cash is held on either current or on short term deposits at floating rates of interest determined by the relevant bank's prevailing base rate. The group seeks to obtain a favourable interest rate on its cash balances through the use of bank treasury deposits.

The group holds investments quoted on public markets. In the opinion of the directors the main risk is due to market price fluctuations.

#### Share capital

The company has one class of ordinary shares in issue. Details of the shares in issue are set out in note 15 to the financial statements.

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## NODDING DONKEY PLC

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### DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2014

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#### Major interests in ordinary shares

At 31 October 2014, the following shareholders each had an interest in more than 3% of the issued share capital of the company.

Name	Number of shares	Shareholding %
Conrad Windham (director)	8,212,712	5.96
Noel Lyons (director)	8,194,212	5.94

#### Subsequent events

The events since the balance sheet date are disclosed in note 25.

#### Directors' responsibilities statement

The directors are responsible for preparing the group strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

#### Auditors

Nyman Libson Paul resigned as auditors and UHY Hacker Young were appointed as auditors during this period. The auditors, UHY Hacker Young, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.



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**NODDING DONKEY PLC**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 APRIL 2014**

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**Disclosure of information to auditors**

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditors are aware of that information.

This report was approved by the board on 31 October 2014 and signed on its behalf.

**Noel Lyons**  
Director

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## NODDING DONKEY PLC

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### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 APRIL 2014

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#### Introduction

The directors present their group strategic report for the year ended 30 April 2014. The principal activity of the company during the period was that of an investor in the oil and gas sector. The principal activity of the group via the company's subsidiary company, Equatorial Oil and Gas PLC, is oil and gas exploration.

The Company's strategy has been to acquire oil and gas licences for exploitation focusing currently on Botswana. To this end the Company has both granted and pending licences that will see it control approximately 70% of all petroleum oil and gas licences available for exploitation in Botswana achieved through a combination of acquisition and direct application. This gives the Company a strategic advantage in this territory as all Companies wanting to do any development in the oil and gas sector will be required to consider discussions with Nodding Donkey PLC. The Company has started to exploit the licences where permission has been granted to do so and is optimistic, based on initial studies, of the results.

The strategy will expand to development of the assets once provable reserves are established and the Company is looking at many possible options to monetise these reserves that include a partnership with an energy provider, direct sales to local energy producers or possibly a corporate sale to an interested third party energy provider.

The Company will match its operational strategy with its corporate strategy by preparing Nodding Donkey PLC for a new listing on AIM. To this end fundraising has already begun, SP Angel has agreed to be appointed as Broker and Nomad and there is an initial timetable in place, which would see the Company list on AIM in March 2015.

This report was approved by the board on 31 October 2014 and signed on its behalf.

**Noel Lyons**  
Director

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## NODDING DONKEY PLC

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NODDING DONKEY PLC

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We have audited the group and parent company financial statements (the "financial statements") of Nodding Donkey PLC for the year ended 30 April 2014, set out on pages 10 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

#### **Respective responsibilities of directors and auditors**

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

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 April 2014 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Emphasis of matter**

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1.2 to the financial statements concerning the Group's ability to continue as a going concern. The Group incurred a loss of £123,702 during the year to 30 April 2014 and is still incurring losses. Along with similar sized exploration and mining companies, the Company raises finance for its exploration and appraisal activities in discrete tranches. As discussed in note 1.2 the Company will need to raise further funds in order to meet its planned operating and exploration costs for the next year. These conditions, along with other matters disclosed in note 1.2 indicate the existence of a material uncertainty which may cast doubt about the Group's and Company's ability to continue as a going concern.

The Group has also applied for several new exploration licences, some of which replace those on which the Group currently operate as explained further in note 9. The Group awaits granting of those licences and should those not be renewed the Directors would have to reconsider the carrying value of the intangible assets and provide for impairment accordingly.

The financial statements do not include the adjustments that would result (such as impairment of assets) if the Group and Company were unable to continue as a going concern or if licences were not renewed.

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**NODDING DONKEY PLC**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NODDING DONKEY PLC**

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**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the group strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

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

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

Daniel Hutson (senior statutory auditor)

for and on behalf of  
**UHY Hacker Young**

Chartered Accountants  
Registered Auditors

Quadrant House  
4 Thomas More Square  
London  
E1W 1YW

31 October 2014

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**NODDING DONKEY PLC**

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**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 APRIL 2014**

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	Note	2014 £	2013 £
<b>TURNOVER</b>	1,2	(3,288)	(48,995)
Administrative expenses		(120,414)	(148,092)
		<hr/>	<hr/>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(123,702)	(197,087)
Tax on loss on ordinary activities	7	-	-
		<hr/>	<hr/>
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		(123,702)	(197,087)
Minority interests	18	2,391	3,246
		<hr/>	<hr/>
<b>LOSS FOR THE FINANCIAL YEAR</b>	16	(121,311)	(193,841)
		<hr/> <hr/>	<hr/> <hr/>
Loss per share	8	0.089	0.153

All amounts relate to continuing operations.

The notes on pages 15 to 25 form part of these financial statements.

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**NODDING DONKEY PLC**

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**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 30 APRIL 2014**

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	Note	2014 £	2013 £
<b>LOSS FOR THE FINANCIAL YEAR</b>		(121,311)	(193,841)
Unrealised (deficit) / surplus on revaluation of current asset investments		<u>(1,395)</u>	<u>(166,072)</u>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>		<u><u>(122,706)</u></u>	<u><u>(359,913)</u></u>

The notes on pages 15 to 25 form part of these financial statements.

**NODDING DONKEY PLC**  
**REGISTERED NUMBER: 07603259**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 30 APRIL 2014**

	Note	£	2014 £	£	2013 £
<b>FIXED ASSETS</b>					
Intangible assets	9		139,982		87,693
<b>CURRENT ASSETS</b>					
Debtors	12	31,224		32,519	
Investments	13	749		94,714	
Cash at bank		3,291		50,147	
		<u>35,264</u>		<u>177,380</u>	
<b>CREDITORS:</b> amounts falling due within one year	14	(39,864)		(24,594)	
<b>NET CURRENT (LIABILITIES)/ASSETS</b>			(4,600)		152,786
<b>NET ASSETS</b>			<u>135,382</u>		<u>240,479</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	15		344,764		342,264
Share premium account	16		309,072		291,572
Revaluation reserve	16		749		(143,535)
Profit and loss account	16		(521,066)		(254,076)
<b>SHAREHOLDERS' FUNDS</b>	17		133,519		236,225
<b>MINORITY INTERESTS</b>	18		1,863		4,254
			<u>135,382</u>		<u>240,479</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31 October 2014.

**Noel Lyons**  
 Director

The notes on pages 15 to 25 form part of these financial statements.

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**NODDING DONKEY PLC**  
**REGISTERED NUMBER: 07603259**

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**COMPANY BALANCE SHEET**  
**AS AT 30 APRIL 2014**

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	Note	£	2014 £	£	2013 £
<b>FIXED ASSETS</b>					
Investments	10		12,501		12,501
<b>CURRENT ASSETS</b>					
Debtors	12	190,843		124,478	
Investments	13	749		94,714	
Cash at bank		3,272		50,128	
		<u>194,864</u>		<u>269,320</u>	
<b>CREDITORS:</b> amounts falling due within one year	14	(36,264)		(23,955)	
<b>NET CURRENT ASSETS</b>			<u>158,600</u>		<u>245,365</u>
<b>NET ASSETS</b>			<u>171,101</u>		<u>257,866</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	15		344,764		342,264
Share premium account	16		309,072		291,572
Revaluation reserve	16		749		(143,535)
Profit and loss account	16		(483,484)		(232,435)
<b>SHAREHOLDERS' FUNDS</b>	17		<u>171,101</u>		<u>257,866</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31 October 2014.

**Noel Lyons**  
Director

The notes on pages 15 to 25 form part of these financial statements.



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**NODDING DONKEY PLC**

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**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 APRIL 2014**

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	Note	2014 £	2013 £
Net cash flow from operating activities	19	(103,849)	(154,574)
Returns on investments and servicing of finance	20	-	7,500
Capital expenditure and financial investment	20	(52,289)	(87,693)
<b>CASH OUTFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING</b>		<b>(156,138)</b>	<b>(234,767)</b>
Management of liquid resources	20	89,282	12,897
Financing	20	20,000	202,000
<b>DECREASE IN CASH IN THE YEAR</b>		<b>(46,856)</b>	<b>(19,870)</b>

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**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT  
FOR THE YEAR ENDED 30 APRIL 2014**

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	2014 £	2013 £
Decrease in cash in the year	(46,856)	(19,870)
Cash outflow from increase in liquid resources	(89,282)	(12,897)
<b>CHANGE IN NET DEBT RESULTING FROM CASH FLOWS</b>	<b>(136,138)</b>	<b>(32,767)</b>
Other non-cash changes	(4,683)	(215,066)
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	<b>(140,821)</b>	<b>(247,833)</b>
Net funds at 1 May 2013	144,861	392,694
<b>NET FUNDS AT 30 APRIL 2014</b>	<b>4,040</b>	<b>144,861</b>

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The notes on pages 15 to 25 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2014**

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**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of current asset investments and in accordance with applicable accounting standards.

**1.2 Going concern**

During the year ended 30 April 2014 the Group made a loss of £123,702 (2013: a loss of £197,087). At the year-end date the Group had net assets of £135,382 (2013: net assets of £240,479) of which £4,040 (2013: £144,861) was cash and liquid investments. The operations of the Group are currently being financed from funds which the Parent Company raised from share placings.

The Group's capital management policy is to raise sufficient funding to finance the Group's near term exploration and development objectives.

The Company successfully raised £60,000 subsequent to the year end and the Group had a cash balance of £44,869 at 30 October 2014. The Group will need to raise or obtain additional cash funding to support both working capital requirements and the next stage of its exploration and development programme.

The Directors believe that the Group will be able to raise as required, sufficient cash to enable it to continue its operations, and continue to meet, as and when they fall due, its planned and committed exploration and development activities and liabilities for at least the next twelve months from the date of approval of these financial statements. For this reason the Directors continue to adopt the going concern basis in preparing the accounts. However, there can be no guarantee that the required funds will be raised within the necessary timeframe or that the mining licences will be renewed. Consequently a material uncertainty exists that may cast doubt on the Group's ability to continue to operate as planned and to be able to meet its commitments and discharge its liabilities in the normal course of business for a period not less than twelve months from the date of this report. The financial statements do not include the adjustments that would result if the Group was unable to continue in operation.

**1.3 Basis of consolidation**

The financial statements consolidate the accounts of Nodding Donkey PLC and its subsidiary company, Equatorial Oil and Gas PLC made up to 30 April 2014.

The results of subsidiaries acquired during the year are included from the effective date of acquisition.

Where necessary, adjustments are made to the financial statements of the subsidiary to bring the accounting policies used into line with those by the group. Inter-company transactions and balances between group companies are eliminated.

**1.4 Turnover**

Turnover represents profits and losses on the disposal of investments, together with dividend income received. Realised gains and losses on the disposal of investments are calculated using a FIFO valuation basis and are net of transaction costs. Dividend income is recognised when payment has been received.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2014

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**1. ACCOUNTING POLICIES (continued)**

**1.5 Intangible fixed assets and amortisation**

The group accounts for oil and gas expenditure under the full cost method of accounting.

Costs (other than payments to acquire the legal right to explore) incurred prior to acquiring the rights to explore are charged directly to the profit and loss account. All costs incurred after the rights to explore an area have been obtained, such as geological, geophysical, data costs and other direct costs of exploration and appraisal are accumulated and capitalised as intangible exploration and evaluation ("E&E") assets.

E&E costs are not amortised prior to the conclusion of appraisal activities. At the completion of appraisal activities if technical feasibility is demonstrated and commercial reserves are discovered, then following development sanction, the carrying value of the relevant E&E asset will be reclassified as a development and production asset within tangible fixed assets.

If after completion of appraisal activities in an area, it is not possible to determine technical feasibility or commercial viability, then the costs of such unsuccessful exploration and evaluation are written off to the profit and loss account. The costs associated with any wells which are abandoned are fully amortised when the abandonment decision is taken.

**1.6 Tangible fixed assets and depreciation**

Development and production assets, are accumulated generally on a field-by-field basis and represent the costs of developing the commercial reserves discovered and bringing them into production, together with the E&E expenditures incurred in finding commercial reserves which have been transferred from intangible E&E assets.

The net book values of development and production assets are depreciated generally on a field-by-field basis using the unit of production method based on commercial proven and probable reserves. Assets are not depreciated until production commences.

**1.7 Investments**

Investments in subsidiaries are carried at cost less provision for impairment.

Listed investments held as current asset investments are stated at their open market value. The investments are reviewed annually with any revaluation adjustments taken to the revaluation reserve and any impairment taken directly to the profit and loss account.

**1.8 Operating leases**

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

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**NODDING DONKEY PLC**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2014**

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**1. ACCOUNTING POLICIES (continued)**

**1.9 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

**2. TURNOVER**

The group's turnover and loss before taxation were all derived from the principal activity of the parent company. The net (loss)/gain arising on the disposal of investments which is disclosed as turnover is:

	2014 £	2013 £
Sale of listed investments	89,282	65,508
Cost of listed investments	(92,570)	(114,503)
	<u>(3,288)</u>	<u>(48,995)</u>

All turnover arose within the United Kingdom.

The subsidiary company Equatorial Oil and Gas PLC had no turnover in either financial period.

**3. LOSS**

The loss is stated after charging:

	2014 £	2013 £
Operating lease rentals: - other operating leases	<u>22,027</u>	<u>17,303</u>

**4. AUDITORS' REMUNERATION**

	2014 £	2013 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	7,500	5,224
Fees payable to the company's previous auditor and its associates in respect of:		
The auditing of accounts of associates of the company	3,200	-
Taxation compliance services	1,200	-
	<u>11,900</u>	<u>5,224</u>

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**NODDING DONKEY PLC**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2014**

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**5. STAFF COSTS**

Staff costs, including directors' remuneration, were as follows:

	2014 £	2013 £
Wages and salaries	32,000	58,000

The average monthly number of employees, including the directors, during the year was as follows:

	2014 No.	2013 No.
Directors	3	3

**6. DIRECTORS' REMUNERATION**

	2014 £	2013 £
Remuneration	32,000	58,000

**Emoluments were paid to:**

	2014 £	2013 £
Conrad Windham	15,000	26,000
Noel Lyons	15,000	22,000
Anthony Fabrizi	-	10,000
James Negaard	2,000	-
Total	32,000	58,000

**7. TAXATION**

	2014 £	2013 £
UK corporation tax charge on loss for the year	-	-

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**NODDING DONKEY PLC**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2014**

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**7. TAXATION (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2013 - lower than) the standard rate of corporation tax in the UK of 23% (2013 - 24%). The differences are explained below:

	2014 £	2013 £
Loss on ordinary activities before tax	(123,702)	(197,087)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (2013 - 24%)	(28,451)	(47,301)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	756	11,830
Unrelieved tax losses carried forward	27,695	35,471
<b>Current tax charge for the year</b> (see note above)	-	-

**8. EARNINGS PER SHARE**

The loss and number of shares used in the calculation of loss per share are set out below:

**Basic & Diluted**

	<b>2014</b>	<b>2013</b>
Loss for the financial year	121,311	193,841
Weighted average number of ordinary shares	136,979,477	126,721,107
Loss per share (pence)	0.089	0.153

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**NODDING DONKEY PLC**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2014**

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**9. INTANGIBLE FIXED ASSETS**

<b>Group</b>	Exploration and evaluation costs £
<b>Cost</b>	
At 1 May 2013	87,693
Additions	52,289
	<hr/>
At 30 April 2014	139,982
	<hr/>
<b>Net book value</b>	
At 30 April 2014	139,982
	<hr/> <hr/>
At 30 April 2013	87,693
	<hr/> <hr/>

The intangible exploration asset has not been impaired as commercial reserves have not yet been established or the determination of the evaluation process is incomplete at the year end. The continued exploration and development work within the Licence Areas since acquisition has not led the Directors to consider that an impairment to the carrying value of the assets is required.

It is further noted that certain licences are awaiting confirmation that they have been granted, as discussed in note 1.2. The application for the Energy Materials licences 165 and 167 have been made by the Group, as have certain Petroleum licences, but these have not been formally granted by the Department of Mines, and there can be no certainty over such grants.

If the licences are not renewed the Directors would have to reconsider the carrying value of the intangible asset and provide for impairment accordingly. The Directors are confident that all outstanding licence renewal confirmations will be received within the normal time duration for these applications and therefore this does not constitute an indication of impairment of the exploration assets as at 30 April 2014.

**10. FIXED ASSET INVESTMENTS**

<b>Company</b>	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 May 2013 and 30 April 2014	12,501
	<hr/>
<b>Net book value</b>	
At 30 April 2014	12,501
	<hr/> <hr/>
At 30 April 2013	12,501
	<hr/> <hr/>

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**NODDING DONKEY PLC**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2014**

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**11. PRINCIPAL SUBSIDIARIES**

Company name	Country	Percentage Shareholding	Description
Equatorial Oil and Gas PLC	England and Wales	87	Oil and gas exploration

**12. DEBTORS**

	<u>Group</u>		<u>Company</u>	
	2014 £	2013 £	2014 £	2013 £
Amounts owed by subsidiary undertaking	-	-	160,469	91,959
Other debtors	11,100	10,250	10,250	10,250
Prepayments and accrued income	20,124	22,269	20,124	22,269
	<u>31,224</u>	<u>32,519</u>	<u>190,843</u>	<u>124,478</u>

**13. CURRENT ASSET INVESTMENTS**

	<u>Group</u>		<u>Company</u>	
	2014 £	2013 £	2014 £	2013 £
Listed investments	749	94,714	749	94,714
	<u>749</u>	<u>94,714</u>	<u>749</u>	<u>94,714</u>

**Group and company listed investments**

The market value of the listed investments at 30 April 2014 was £749 (2013 - £94,714).

**14. CREDITORS:  
Amounts falling due within one year**

	<u>Group</u>		<u>Company</u>	
	2014 £	2013 £	2014 £	2013 £
Trade creditors	22,364	20,594	21,764	19,955
Accruals and deferred income	17,500	4,000	14,500	4,000
	<u>39,864</u>	<u>24,594</u>	<u>36,264</u>	<u>23,955</u>



**NODDING DONKEY PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2014**

**15. SHARE CAPITAL**

	2014 £	2013 £
<b>Allotted, called up and fully paid</b>		
137,905,504 (2013 - 136,905,504) Ordinary shares of 0.0025 each	344,764	342,264
	<u>344,764</u>	<u>342,264</u>

On 3 April 2014, the company issued 1,000,000 ordinary shares of 0.25p each at par value at a price of 2p each. A share premium of £17,500 arose on the issue of these shares.

**16. RESERVES**

	Share premium account £	Revaluation reserve £	Profit and loss account £
<b>Group</b>			
At 1 May 2013	291,572	(143,535)	(254,076)
Loss for the financial year	-	-	(121,311)
Premium on shares issued during the year	17,500	-	-
Deficit on revaluation of current asset investments	-	(1,395)	-
Transfer between Revaluation reserve and P/L account	-	145,679	(145,679)
At 30 April 2014	<u>309,072</u>	<u>749</u>	<u>(521,066)</u>
<b>Company</b>			
At 1 May 2013	291,572	(143,535)	(232,435)
Loss for the financial year	-	-	(105,370)
Premium on shares issued during the year	17,500	-	-
Deficit on revaluation of current asset investments	-	(1,395)	-
Transfer between Revaluation reserve and P/L account	-	145,679	(145,679)
At 30 April 2014	<u>309,072</u>	<u>749</u>	<u>(483,484)</u>

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**NODDING DONKEY PLC**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2014**

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**17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2014 £	2013 £
<b>Group</b>		
Opening shareholders' funds	236,225	394,138
Loss for the financial year	(121,311)	(193,841)
Shares issued during the year	2,500	44,421
Share premium on shares issued (net of expenses)	17,500	157,579
Revaluation of current asset investments	(1,395)	(166,072)
	<u>133,519</u>	<u>236,225</u>
	2014 £	2013 £
<b>Company</b>		
Opening shareholders' funds	257,866	408,371
Loss for the financial year	(105,370)	(186,433)
Shares issued during the year	2,500	44,421
Share premium on shares issued (net of expenses)	17,500	157,579
Revaluation of current asset investments	(1,395)	(166,072)
	<u>171,101</u>	<u>257,866</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account.

The loss for the year dealt with in the accounts of the company was £105,370 (2013 - £186,433).

**18. MINORITY INTERESTS**

	£
<b>Equity</b>	
At 1 May 2013	4,254
Proportion of profit/(loss) after taxation for the year	(2,391)
	<u>1,863</u>

**19. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2014 £	2013 £
Operating loss	(123,702)	(197,087)
Decrease/(increase) in debtors	1,295	(19,011)
Increase in creditors	15,270	12,529
Loss/(profit) on sale of current asset investments	3,288	48,995
	<u>(103,849)</u>	<u>(154,574)</u>

**NODDING DONKEY PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2014**

**20. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2014 £	2013 £
<b>Returns on investments and servicing of finance</b>		
Shares issued to minority interests	-	7,500
	<u>                    </u>	<u>                    </u>
	2014 £	2013 £
<b>Capital expenditure and financial investment</b>		
Purchase of intangible fixed assets	(52,289)	(87,693)
	<u>                    </u>	<u>                    </u>
	2014 £	2013 £
<b>Management of liquid resources</b>		
Sale of short term listed investments	89,282	65,508
Purchase of short term listed investments	-	(52,611)
	<u>                    </u>	<u>                    </u>
<b>Net cash inflow from management of liquid resources</b>	<u>89,282</u>	<u>12,897</u>
	2014 £	2013 £
<b>Financing</b>		
Issue of ordinary shares	20,000	202,000
	<u>                    </u>	<u>                    </u>

**21. ANALYSIS OF CHANGES IN NET FUNDS**

	1 May 2013 £	Cash flow £	Other non-cash changes £	30 April 2014 £
Cash at bank and in hand	50,147	(46,856)	-	3,291
<b>Liquid resources:</b>				
Current asset investments	94,714	(89,282)	(4,683)	749
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Net funds</b>	<u>144,861</u>	<u>(136,138)</u>	<u>(4,683)</u>	<u>4,040</u>

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## NODDING DONKEY PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2014

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#### 22. OPERATING LEASE COMMITMENTS

At 30 April 2014 the group had annual commitments under non-cancellable operating leases as follows:

<b>Group</b>	Land and buildings	
	2014	2013
	£	£
<b>Expiry date:</b>		
Between 2 and 5 years	20,500	20,500
	<u>20,500</u>	<u>20,500</u>

At 30 April 2014 the company had annual commitments under non-cancellable operating leases as follows:

<b>Company</b>	Land and buildings	
	2014	2013
	£	£
<b>Expiry date:</b>		
Between 2 and 5 years	20,500	20,500
	<u>20,500</u>	<u>20,500</u>

#### 23. RELATED PARTY TRANSACTIONS

During the period the group was invoiced £Nil (2013: £3,750) each by Noel Lyons and Conrad Windham, the directors for the provision of consultancy services. The amounts were settled in full by the issue of shares in the subsidiary company Equatorial Oil and Gas PLC during the period ended 30 April 2013.

The directors remuneration is disclosed in note 6.

Transactions between the company and its subsidiary company Equatorial Oil and Gas PLC are shown in note 12. The movement in the year represents funds loaned to the subsidiary.

#### 24. CONTROLLING PARTY

There is no controlling party as none of the shareholders have a large enough individual share in the company.

#### 25. POST BALANCE SHEET EVENTS

The Group acquired 85% of Tamboran Botswana (Pty) Limited, a company registered in Botswana, in July 2014. The consideration for the acquisition was satisfied through taken on the current obligations of a petroleum licence held by the company along with a cash payment of \$20,000.

The Company successfully raised £60,000 from the issue of further shares after the year end.