

CEO's Statement

Sefton is now a private company and this AGM statement is an attempt to bring shareholders up to date with the situation.

First a little background.

Sefton had \$1.1 in the bank a 31 July 2015

By 23 October 2015 the company had \$461,169 having received **\$436,574** back from its UTAS deal

That is to say Sefton, under the previous board and advisers burnt through roughly \$1 million in that 11 week period.

I reiterate \$1 million dollars in 11 weeks.

As our resigning non-exec director Tom Milne put it in an email to the past directors "by October all the money is gone."

I'd like shareholders to reflect on that for a minute because that is proof we did the right thing to step in and try to stop the company from obliteration by the previous management.

I must inform you that this \$1 million dollars was frittered away in a riot of self dealing and waste on the lead up to us coming on board.

Since I stepped down as a NED early in the year, the record shows that Sefton has never been on the verge of any transformational deal. What value its assets had, and that is questionable, has been destroyed by management actions and of course the collapse of the oil price. Shareholders have been fed a series of false hopes.

Not only has cash been dissipated so have assets.

Where viable we will be taking action to redress as much of this as possible.

However we must also look forward.

Sefton has three assets.

Cash, US licenses and its shareholder base.

Cash, currently stands at £275,945.86 pounds. There are creditors to deal with, so this balance will fall, but the balance should be enough to keep the company alive for an extended period. With the huge overheads of listing-costs gone, the company can afford to tick over in a way that a listed company cannot. The cash balance will suffice.

The US assets may as well be called liabilities as assets with no party currently prepared to buy them for more than \$1. Key licenses were allowed to expire while others less attractive ones were retained. This

mystery is on par with actions we have seen elsewhere and shareholders are invited to come to their own conclusions as to what went on.

Sefton will sell its "Kansas assets" to anyone, including shareholders, via an open auction which I now declare ongoing. The starting bid is \$5000. We will close the auction on the 5th of January. Anyone interested should contact me for details at clemc@advfn.com. If a buyer is not found, Sefton will explore the most cost effective way possible to resolve this issue.

The Shareholder base is Sefton's hidden asset. With its cash and its shareholder group, Sefton is in a position to look for opportunities amongst the fall out of the oil price crash and it will spend 2016 in a search for deals. Sefton can bring a company, a broad and active base of shareholders and with its cash balance, inject some capital. We believe this will be an attractive prospect to some companies in the coming year.

The status of the company.

Sefton is currently solvent, but your board has not had the benefit of a meaningful handover from the previous incumbents and are still reconstructing the company and picking through its ruins.

Thus far we have not uncovered any outstanding company killing situations but the process of discovery is still ongoing. Jossy Rachmantio has offered his resignation as Chairman and this has been accepted and as of this meeting and the planned resignation of Tom Milne, the legacy board of Sefton will have departed.

While taking Sefton forward has and will be a tortuous process the business should be in a position to move forwards in the first quarter of next year. While the oil market and the resources sector is being roiled in a market crash, we hope this will provide chances for your board to set the company on a new course.