ENI AUSTRALIA LIMITED
ANNUAL REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2022

REGISTERED OFFICE
Eni House
10 Ebury Bridge Road
London SW1W 8PZ

Registered Number: 01020949

ENI AUSTRALIA LIMITED

DIRECTORS AND REGISTERED OFFICE

BOARD OF DIRECTORS

F Pagano
C Pagano
R P Waterlow
L M Vasques
D Palermo

SECRETARY AND REGISTERED OFFICE

R D'Abreo
Eni House
10 Ebury Bridge Road
London
SW1W 8PZ

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH
United Kingdom

REGISTERED IN ENGLAND NO: 01020949

The directors present their strategic report of Eni Australia Limited ("the company") for the year ended 31 December 2022.

Review of the business

Principal activities

The company's current principal activities include exploration and development of oil and gas reserves in Australia.

On 30 June 2022, the company has completed the sale of solar assets under the three separate Asset Sale Agreements (ASA) entered into on 31 December 2021.

The company has also successfully completed the Woollybutt decommissioning campaign in December 2022 and is working toward the final closure and relinquishment of the permit by end of 2023.

Results for the year

The results for the year are set out on page 10 of the financial statements. The loss for the financial year was $1,647,000 (2021: $27,121,000 loss). No dividend was paid during 2022 (2021: $nil).

Key performance indicators

Key performance indicators of the company are set out below:

	2022 $'000	2021 $'000	Variance $'000
Operating loss	(53,859)	(37,177)	(16,682)
Net loss after tax	(1,647)	(27,121)	25,474
Net assets	276,701	185,648	91,053

The directors consider the performance of the company to be in line with expectations. The Woollybutt oil field ceased production in 2012 and the well decommissioning was successfully completed in December 2022. The operating loss is higher by $16,682,000 in 2022 as the result of higher costs for the decommissioning activities, partially offset by the impairment for renewable assets recognised in 2021. Net loss after tax is lower mainly due to tax group relief of $19,048,000 and a favourable foreign exchange gain. Net assets have increased due to loan repayment funded by the capital injection of $92,700,000.

Operational performance

Decommissioning

The company has completed the decommissioning campaign of Woollybutt field consisting of two phases: the plug and abandonment of four wells which started in October 2021 and was completed in February 2022; and subsea equipment removal which was completed in December 2022. Subject to finalisation of the regulatory requirements, the title will look to be relinquished by December 2023.

Pre-Development

NTRL-7: The Verus gas field (formerly known as Evans Shoal gas field) (GIIP P50 value of 11.4 TCF, 100%) is held under the Australian NT/RL-7 Retention Lease. On 24 April 2022 it was renewed for a second five-year term and will expire on 23 April 2025.

During the year collaboration with Australian E&P company Santos expanded due to execution of a carbon capture and storage memorandum of understanding (CCS MOU) between the Verus JV and the shareholders of the Santos operated Darwin LNG facility in May 2022.

The Darwin LNG Pty Ltd shareholders entered into the front end engineering and design (FEED) phase for a CCS project. The CCS project is based at Darwin LNG and utilises the Santos operated Bayu-Undan field for CO_2 storage which is envisaged to receive Verus reservoir CO_2 for sequestration.

Operational performance (continued)

Exploration
NT/RL-8: The retention lease contains the marginal Blackwood gas accumulation (circa 1.8 Tcf GIP) with elevated CO2 content. The lease was renewed on 3 May 2022 for the second of three possible 5 year term, a minor work commitment of desktop studies to the value of AUD$760,000 over the five years was a condition to the renewal.

Renewables

On 30 June 2022 the Company has completed the sale of solar assets under the three separate Asset Sale Agreement (ASA) entered into on 31 December 2021 to 3 Special Purpose Vehicles (SPV) each incorporated to hold one of the solar assets. The SPV's are within the 100% wholly owned group of Eni S.p.A under the Eni Plenitude Società Benefit S.p.A group.

Principal risks and uncertainties

Financial risks are managed in respect of guidelines issued by the Eni S.p.A. board of directors in its role of directing and setting the risk limits, targeting to align and centrally coordinate Group companies' policies on financial risks ("Guidelines on financial risks management and control"). The "Guidelines" define for each financial risk the key components of the management and control process, such as the aim of the risk management, the valuation methodology, the structure of limits, the relationship model and the hedging and mitigation instruments.

The risks and uncertainties below may have a material adverse effect on the operational and financial performance of the company.

Commodity price risk

The company's performance is affected by volatile oil and gas price fluctuations, which are subject to international supply and demand as well as numerous other political factors. The guidelines of Eni S.p.A. and its subsidiaries (Eni Group) for the management of commodity risk contain limits to the price risk deriving from trading activities. Coordination in this area is carried out by a commodity risk assessment team operating at the Eni Group level.

Safety, security, environmental and other operational risks

The company engages in the exploration and production of oil and natural gas. By its nature, the company's operations is exposed to a wide range of significant health, safety, security and environmental risks. Technical faults, malfunctioning of plants, equipment and facilities, control systems failure, human errors, loss of containment and adverse weather events can trigger damaging consequences such as explosions, blow-outs, fires, oil and gas spills from wells, pipeline and tankers, release of contaminants and pollutants in the air, the ground and in the water, toxic emissions and other negative events. The company's future results of operations and liquidity depend on its ability to identify and address the risks and hazards inherent to operating in those industries. The company continues to invest significant financial resources to upgrade its plants, production facilities, and other infrastructure, to safeguard the health and safety of its employees, contractors, local community, and the environment, and comply with applicable laws and regulations. The company has an emergency response plan to deal with emergencies and unforeseen incidents, and also has insurance policies to minimise potential financial liabilities incurred in such events.

Risk associated with the exploration and production of oil and natural gas

The exploration and production of oil and natural gas require high levels of capital expenditures and are subject to natural hazards and other uncertainties, including those relating to the physical characteristics of oil and gas fields. The exploration and production activities are subject to mining risk and the risks of cost overruns and delayed start-up of the projects to develop and produce hydrocarbons reserves. Those risks could have an adverse, significant impact on the company's future growth prospects, results of operations, cash flows and liquidity. The company mitigates these risks by investing in skilled people, as well as utilising the group drilling and operations engineers in creating high-quality exploration and development plans.

Principal risks and uncertainties (continued)

Climate-related risks

Society and national governments are stepping up efforts to reduce the risks of climate change and support an ongoing transition to a low carbon economy. Current laws and regulations to curb carbon emissions and implement fiscal measures to drive technological innovation are aimed at reducing the world's reliance on fossil fuels. These trends could materially affect demand for hydrocarbons in the long-term and increase compliance costs for the company in the short-term.

Eni is also exposed to the risk of unpredictable extreme meteorological events linked to climate change. All these developments may adversely and materially affect the Group's profitability, businesses outlook and reputation.

The Eni Group's strategy aims to achieve, by 2050, the net zero target on GHG Scope 1, 2 and 3 emissions (Net GHG lifecycle emissions), and the associated emission intensity (Net Carbon Intensity). The company has invested in Carbon Capture Usage and Storage Solutions and increased its focus on renewable energies. The company's portfolio exposure to those risks is reviewed annually. To test the resilience of new capital projects, the company assesses potential costs associated with Green House Gas (GHG) emissions and their impact on projects' returns.

The development process and internal authorisation procedures of each capital projects features several checks that that may require additional and well detailed GHG and energy management plans to address potential risks of underperformance in relation to possible scenarios of global or regional adoption of regulations introducing mechanisms of carbon cap and trade or carbon pricing.

Critical IT services or digital infrastructure and security systems

Breach of the company's digital security or failure of its digital infrastructure could damage its operations, financial performance and reputation. The company invested in improvements in technologies, migration to the cloud, services and training of staff to mitigate these risks.

On behalf of the Board

Francesco Pagano
Francesco Pagano (Aug 2, 2023 10:18 GMT+1)

F Pagano
Director
2 August 2023

The directors present their report and the audited financial statements of the company for the year ended 31 December 2022.

Directors

The present directors of the company are listed on page 1 and have held office throughout the year and up to the date of signing the financial statements with the following exceptions:

- G L Ferrara resigned as a director on 24 March 2022
- F Pagano was appointed as a director on 24 March 2022
- P Hemmens resigned as a director on 13 October 2022
- L M Vasques was appointed as director on 27 January 2023
- E Delfos resigned as a director on 2 July 2023
- D Palermo was appointed as a director on 25 July 2023

Certain directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Future company developments

Future developments of the company are detailed in the strategic report with the main activity being the progression of pre-development activities on the Verus project.

Dividends

No dividend was paid or proposed during the year (2021 – $nil).

Branches outside the UK

The company has a branch office registered in Perth, Australia.

Post balance sheet events

There are no post balance sheet events to report.

Going concern

The company has a net asset position of $276,701,000 (2021: $185,648,000) and a cash balance of $35,228,000 (2021: $13,544,000) as of 31 December 2022. The directors are satisfied that the company has adequate financial resources including access to Eni Group financial resources, to continue to operate for the foreseeable future being not less than twelve months from the date of signing these financial statements and meet its obligations as they fall due. The company has obtained written confirmation from its immediate parent company Eni International B.V., that the latter will provide adequate financial support to enable the company to meet its obligations for a period at least one year from the date of approval of these financial statements. Accordingly, the directors continue to adopt the going concern basis in preparing financial statements.

Statement of directors' responsibilities in respect of the annual report and financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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 enable them to ensure that the financial statements comply with the Companies Act 2006.

Provision of information to auditors

In the case of each director in office at the date the directors' report is approved:

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

Independent auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

By order of the Board

R D'Abreo
Secretary

2 August 2023

Independent auditors' report to the members of Eni Australia Limited

Report on the audit of the financial statements

Opinion

In our opinion, Eni Australia Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2022; the Statement of comprehensive income and the Statement of changes in equity for the year then ended; the Statement of accounting policies; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the annual report and financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with the Companies Act 2006 and relevant income tax regulations in the jurisdictions in which the company operates, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- enquiring of management and the company's in-house legal team, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;

- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations, including income taxes;
- reviewing minutes of meetings of those charged with governance; and
- auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and testing accounting estimates to address the risk of management bias.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Daulet Bek.

Daulet Bekmukhamedov (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
2 August 2023

ENI AUSTRALIA LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Discontinued 2022 $'000	Continuing 2022 $'000	Total 2022 $'000	Discontinued 2021 $'000	Continuing 2021 $'000	Total 2021 $'000
Revenue	3	67	-	67	380	16	396
Other income	4	-	11,127	11,127	-	12,719	12,719
Total revenue		67	11,127	11,194	380	12,735	13,115
Other service costs and expenses	5	(241)	(44,709)	(44,950)	(522)	(161)	(683)
Labour Cost	8	(94)	(18,434)	(18,528)	(233)	(21,376)	(21,609)
Depreciation and amortisation	12,13	-	(1,575)	(1,575)	(2,698)	(19,125)	(21,823)
Impairments	12	-	-	-	(6,177)	-	(6,177)
Operating Loss	6	(268)	(53,591)	(53,859)	(9,250)	(27,927)	(37,177)
Interest receivable and similar income	9	(479)	8,190	7,711	-	13,401	13,401
Interest payable and similar charges	10	(581)	(2,552)	(3,133)	(1,502)	(1,992)	(3,494)
Loss before taxation		(1,328)	(47,953)	(49,281)	(10,752)	(16,518)	(27,270)
Tax credit on loss	11	-	47,634	47,634	-	149	149
Loss for the financial year		(1,328)	(319)	(1,647)	(10,752)	(16,369)	(27,121)
Other comprehensive expense for the year, net of tax		-	-	-	-	-	-
Total comprehensive expense for the year		(1,328)	(319)	(1,647)	(10,752)	(16,369)	(27,121)

ENI AUSTRALIA LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Share Capital $ 000	Capital Contribution Reserve $ 000	Accumulated Losses $ 000	Total Shareholders' Equity $ 000
Balance at 1 January 2021		32,199	556,500	(375,930)	212,769
Total comprehensive expense for the year		-	-	(27,121)	(27,121)
Balance at 31 December 2021		32,199	556,500	(403,051)	185,648
Total comprehensive expense for the year		-	-	(1,647)	(1,647)
Transactions with owners in their capacity as owners:					
Capital contribution		-	92,700	-	92,700
Balance at 31 December 2022	*22*	**32,199**	**649,200**	**(404,698)**	**276,701**

During the year the parent company Eni International B.V. made a capital contribution of $92,700,000 (2021: $nil).

ENI AUSTRALIA LIMITED (Registered number: 01020949)

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 $'000	2021 $'000
Assets			
Non-current assets			
Intangible assets	*12*	**241,040**	241,057
Property, plant and equipment	*13*	**37,030**	25,362
Deferred tax asset	*14*	**2,525**	11,811
		280,595	278,230
Current assets			
Cash and cash equivalents	*15*	**35,228**	13,544
Inventories	*16*	**2**	2
Trade and other receivables	*17*	**36,510**	22,751
		71,740	36,297
Assets of disposal groups held for sale	*2*	**-**	60,135
Total assets		**352,335**	374,662
Liabilities			
Non-current liabilities			
Lease liability	*18*	**1,515**	2,362
Provisions	*19*	**3,617**	3,998
		5,132	**6,360**
Current liabilities			
Trade and other payables	*20*	**35,975**	42,318
Borrowings	*21*	**25,600**	104,500
Lease liability	*18*	**935**	822
Provisions	*19*	**7,992**	31,273
		70,502	178,913
Liabilities of disposal groups held for sale	*2*	**-**	3,741
Total liabilities		**75,634**	189,014
Total shareholders' equity			
Share capital	*22*	**32,199**	32,199
Capital contribution reserve	*22*	**649,200**	556,500
Accumulated losses		**(404,698)**	(403,051)
Total shareholders' equity		**276,701**	185,648
Total shareholders' equity and liabilities		**352,335**	374,662

The financial statements from page 10 to 31 were approved by the Board on 28 July 2023 and were signed by an authorised director on behalf of the Board, at a later date.

On behalf of the Board

Francesco Pagano
Francesco Pagano (Aug 2, 2023 10:18 GMT+1)

F Pagano
Director
2 August 2023

STATEMENT OF ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the year is set out below.

General Information

The company is a private limited liability company, by shares, incorporated and domiciled in England, United Kingdom. The company is wholly owned by Eni International B.V., which is a subsidiary of Eni S.p.A., an integrated energy company operating in the oil and natural gas, electricity generation, petrochemicals, oil field services and engineering industries. Eni S.p.A. operates internationally in about 62 countries and employs around 32,000 people. Eni S.p.A. is listed on the Milan and New York Stock Exchanges.

The company acts as a participant in consortia involved in the exploration and exploitation of oil and gas in Australia. As a participant, the company receives from the operators, returns of income, expenditure, assets and liabilities of the consortia, the company's share of which are incorporated into its accounting records. The financial statements reflect the company's share of each activity as a participant in consortia as governed by their joint operating agreement.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

Going concern
The company has a net asset position of $276,701,000 (2021: $185,648,000) and a cash balance of $35,228,000 (2021: $13,544,000) as of 31 December 2022. The directors are satisfied that the company has adequate financial resources including access to Eni Group financial resources, to continue to operate for the foreseeable future being not less than twelve months from the date of signing these financial statements and meet its obligations as they fall due. The company has obtained written confirmation from its immediate parent company Eni International B.V., that the latter will provide adequate financial support to enable the company to meet its obligations for a period at least one year from the date of approval of these financial statements. Accordingly, the directors continue to adopt the going concern basis in preparing financial statements.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to:

(a) the requirements of IFRS 7 Financial Instruments: Disclosures;
(b) the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements:
(c) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  (i) paragraph 79(a)(iv) of IAS 1; Presentation of Financial Statements;
  (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
  (iii) paragraph 118(e) of IAS 38 Intangible Assets.
(d) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36, Impairment of Assets;
(e) the requirements of IAS 7 Statement of Cash Flows;
(f) The requirements of paragraph 24(b) of IFRS 6 Exploration for and Evaluation of Mineral Resources to disclose the operating and investing cash flows arising from the exploration for and evaluation of mineral resources;
(g) the requirements of paragraph 91 – 99 of IFRS 13 Fair Value Measurement;
(h) the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
(i) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors in relation to standards not yet effective;
(j) the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures; and
(k) the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Where required, equivalent disclosures are given in the group financial statements of Eni S.p.A. The group financial statements of Eni S.p.A. are available to the public and can be obtained as set out in note 1.

The accounting policies have been applied consistently, other than where new policies have been adopted.

Basis of preparations (continued)

New and amended standards adopted
The company has applied the following relevant standards and amendments for the first time for the annual reporting commencing on 1 January 2022:

- Reference to the Conceptual Framework – Amendments to IFRS 3
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendments listed above did not have any impact on the amounts recognised in prior periods and do not have a material impact on the entity in the current and future periods and on foreseeable future transactions.

New standards and interpretations not yet adopted
Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the company. These standards do not have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Assets held for sale

Assets and liabilities classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, and the assets are available for sale in their present condition.

Discontinued operations

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

Pooling of interest method

Business combinations between common control entities are accounted for using the pooling of interest method. The method adopted results in the transferring of assets and liabilities between common control entities at net book value.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the asset. Property, plant and equipment are depreciated on a straight line basis over its estimated useful life as follows:

• Office assets, fixtures and fittings	4 - 20 years
• Renewables	30 years
• IT hardware	3 - 10 years

Property, plant and equipment includes oil and gas properties representing the company's share of expenditure in respect of exploration, appraisal and development costs of fields where a decision to exploit their reserves has been made, field development programme approval has been granted and capital expenditure incurred when the fields are in production. Interest costs incurred during the development stage of fields are capitalised from the date at which field development programme approval is granted until production commences.

These assets, except proven mineral interests, are depreciated using the unit of production method based on proved developed oil and gas reserves for each field in production at the balance sheet date. Proven mineral interests are depreciated using the unit of production method based on proved developed and undeveloped oil and gas reserves for each field in production at the balance sheet date. When there is a change in the estimated total recoverable proved developed reserves of a field, the undepreciated cost is written off over the revised remaining reserves.

Intangible assets – exploration and appraisal costs

Exploration costs represent the company's share of expenditure by consortia and previously as operator on the exploration of the seabed for oil and natural gas up to the date of any decision to exploit various finds.

Where no decision has been made by the balance sheet date to exploit a find, the costs are accounted for in accordance with the successful efforts method. The cost of drilling exploratory wells is carried forward as an intangible asset if in the opinion of the directors there is a reasonable prospect of development of the related fields commencing within three years of commencement of drilling. Costs of exploratory dry holes are written off at the time that the wells are determined to be dry and all licence fees, geological and geophysical expenses are written off as incurred.

Where a decision has been made to exploit a find, the exploration costs are carried forward. In the period after a decision has been made to exploit a find but before field development programme approval has been granted, any pre-development costs that are incurred are also capitalised and carried forward. When field development programme approval is granted, the exploration and pre-development costs of that field are reclassified as oil and gas properties within property, plant and equipment. Exploration wells that are being drilled at the year-end are included in non-current assets as exploration and appraisal costs until the results of the drilling are determined.

Exploration rights

Payments for exploration rights in connection with a right to explore (or their extension) in an exploration area are now accounted for in the same way as other exploration costs. Consequently they are capitalised as intangible assets pending determination of whether the exploration and appraisal activities in the reference areas are successful or not whereas previously the capitalised costs were amortised over the licence period.

Unproved exploration rights are reviewed at each reporting date to confirm that there is no indication that the carrying amount exceeds the recoverable amount. This review includes confirming that exploration drilling is still under way or firmly planned, or that it has been determined, or work is under way to determine that the discovery is economically viable based on a range of technical and commercial considerations and that sufficient progress is being made on establishing development plans and timing. If no future activity is planned or the exploration rights have expired, the carrying value is written off through the profit or loss.

In the event of a discovery of proved reserves (i.e. upon recognition of proved reserves and internal approval for development), the entire balance of the related exploration rights, initially recognised as unproved, is transferred to "proved exploration rights" in intangible assets. From the commencement of production, proved exploration rights are amortised according to the unit of production method (UoP) over total proved reserves. This policy has been adopted retrospectively. The company has recognised deferred tax assets related to tax losses to offset the deferred tax liabilities on all exploration assets, when applicable.

Interests in joint arrangements

IFRS 11 defines a joint arrangement as an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require unanimous consent of the parties sharing control.

IFRS 11 classifies joint arrangements into two types i.e. joint operations and joint ventures. A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The company participates in joint operations which involve the joint control of assets used in the company's oil and gas exploration and producing activities. Interests in joint operations are recognised by including the company's share of assets, liabilities, income and expenses on a line-by-line basis. Liabilities and expenses incurred directly in respect of interests in joint operations are accounted for on an accrual basis. Income from the sale or use of the company's share of the output of joint operations, and its share of joint operation expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the company and their amount can be measured reliably.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Inventories

Inventories are measured at the lower of purchase or production cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale, or, with reference to inventories of crude oil and petroleum products already included in binding sale contracts, the contractual selling price. Materials and other supplies held for use in production are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. This represent the company's share of inventories belonging to the consortia of which it is a member. Cost is determined by the weighted average method and comprises direct purchase costs, cost of production, transportation and manufacturing expenses.

The cost of inventories of hydrocarbons (crude oil, condensates and natural gas) and petroleum products is determined by applying the weighted average cost method on a three-month basis, or on a different time period (e.g. monthly), when it is justified by the use and the turnover of inventories of crude oil and petroleum products.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, the company's current bank accounts and short-term deposits originally due, generally, within 90 days, readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

Cash deposited in some bank accounts held with Banque Eni SA (BESA)[1] may be subject to cash pooling arrangements with the ultimate parent company Eni S.p.A[2]. The company has the full availability of these bank accounts without any restrictions; neither BESA nor the ultimate parent company can block withdrawals. Cash pooling accounts are balanced on a daily basis and the true intent of these accounts is to ensure settlements of payments to vendors and/or cash collections from customers.

Deposits held with Eni Finance International S.A. (EFI)[3] are classified as cash equivalents considering that: (i) they are highly liquid, available on demand or in the short term and have terms that are similar to those which would be expected if the deposits had been made with an independent third party financial institution; (ii) EFI maintains sufficient cash and liquid resources, along with access to credit lines, to meet all inter-company obligations simultaneously. The company has full availability of the deposits held with EFI (i.e. no restriction to modify maturity date); if the company needs to anticipate or terminate a deposit earlier, there is no penalty on the change of period requested.

Foreign currencies

Transactions denominated in a foreign currency are converted to US Dollars at rates ruling at the date of the transaction. All financial information has been rounded to the nearest thousand ($'000), unless otherwise indicated. Monetary assets and liabilities denominated in foreign currencies have been translated at the rates ruling at the balance sheet date. The resulting exchange gains or losses are recognised in the statement of comprehensive income with the exception of differences arising on the consolidation of branches held in foreign currencies, which are taken directly to reserves.

The functional and reporting currency of the company is US Dollars as the majority of its assets and transactions are US dollar denominated. The year-end exchange rate in AUD Dollars is 0.6796 (2021: 0.77235).

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of intangible assets. Deferred tax assets and liabilities are offset only to the extent that the timing of their reversal coincides. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

1. BESA is a Belgian regulated bank subject to the banking regulatory requirements.
2. Although Eni S.p.A is not a financial institution, it performs its financial activities within specific Board approved limits.
3. EFI is the company responsible for the centralised funding of some foreign Eni Group companies and for collecting their financial surpluses.

Taxation (continued)

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

Petroleum resource rent tax

Petroleum resource rent tax is provided on the taxable profits of fields subject to petroleum resource rent tax at a rate of 40% (2021 – 40%). Provision for deferred petroleum resource rent tax is made using the liability method. As petroleum resource rent tax is largely specific to individual fields and field lives are finite, provision is made in full for those fields expected to pay significant tax. Provision is made for temporary differences in respect of capital and revenue expenditure and the decommissioning and restoration provision.

Other income

Other income comprises revenue from the provision of services, and miscellaneous income. This income is recognised when the services are provided.

Provisions

Provisions are recognised when: (i) there is a current obligation (legal or constructive), as a result of a past event; (ii) it is probable that the settlement of that obligation will result in an outflow of resources embodying economic benefits; and (iii) the amount of the obligation can be reliably estimated. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date or to transfer it to third parties at that time.

Decommissioning provision

The estimated cost of dismantling the production and related facilities and site restoration at the end of the economic life of each field is recognised in full as a decommissioning provision when the asset is installed as the ground/environment is disturbed at the field location. The amount recognised is the present value of the estimated future decommissioning cost, and an offsetting entry to property, plant and equipment is also recognised. The increase in the provision with the passage of time (unwinding of discount) is recognised as interest expense. The asset is depreciated on a unit of production basis. Changes to the present value of the estimated future decommissioning cost are accounted for as adjustments to the provision and property, plant and equipment. However, if the resulting decrease in the liability exceeds the carrying amount of the related asset, the excess is recognised in the profit or loss account.

Financial instruments

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them. Trade receivables that do not contain a significant financing component or for which the company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

Financial assets - Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The company's financial assets held at amortised cost includes trade receivable, other receivables and tax receivables.

Impairment of financial assets

The company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Financial instruments (continued)

For trade receivables and contract assets, the company applies a simplified approach in calculating ECLs. Therefore, the company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the company may also consider a financial asset to be in default when internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities at amortised cost

Financial liabilities at amortised cost are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method. The company's financial liabilities held at amortised cost includes trade and other payables.

Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the company under residual value guarantees
- the exercise price of a purchase option if the company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the company, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment, vehicles and small items of office furniture.

Pension

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable for the year are charged in the statement of comprehensive income.

Related party transactions

The company has complied with the requirements of International Accounting Standard ("IAS") 24 – Related party disclosures in these financial statements. Transactions with related parties are disclosed in each relevant note.

Use of accounting estimates, judgements and assumptions

The company's financial statements are prepared in accordance with FRS101. These require the use of estimates and assumptions that affect the assets, liabilities, revenues and expenses reported in the financial statements, as well as amounts included in the notes thereto, including discussion and disclosure of contingent liabilities. Estimates made are based on complex or subjective judgements, past experience and other assumptions deemed reasonable in consideration of the information available at the time. The accounting policies and areas that require the most significant judgements and estimates to be used in the preparation of the financial statements are in relation to the accounting for oil and natural gas activities, specifically in the determination of proved and proved developed reserves, impairment of property, plant and equipment and intangible assets, decommissioning provision and recovery of deferred tax assets. Although the company uses its best estimates and judgements, actual results could differ from the estimates and assumptions used.

A summary of significant estimates follows:

a) Oil and gas activities
Engineering estimates of the company's oil and gas reserves are inherently uncertain. Although there are authoritative guidelines regarding the engineering criteria that must be met before estimated oil and gas reserves can be designated as "proved", the accuracy of any reserve estimate is a function of the quality of available data and engineering and geological interpretation and judgement.

Oil and gas reserves have a direct impact on certain amounts reported in the financial statements.

Estimated proved reserves are used in determining depreciation and depletion expenses and estimated proved and probable reserves are used in determining the carrying value of the company's oil and gas assets and the timing of decommissioning cessation of production. In the prior year the carrying value of the company's oil and gas assets and timing of decommissioning cessation of production were estimated using proved and risked probable reserves. Depreciation rates on oil and gas assets using the units of production basis are determined from the ratio between the amount of hydrocarbons extracted in the quarter and proved developed reserves existing at the end of the quarter increased by the amounts extracted during the quarter.

The useful economic lives and residual values are re-assessed annually. Estimates of oil and gas reserves are also used within impairment testing and timing of the decommissioning.

Proved and probable oil and gas reserves are the estimated quantities of crude oil, natural gas and natural gas liquids, which geological and engineering data demonstrate to be recoverable in future years from known reservoirs under existing economic and operating conditions, that is, prices and costs as at the date that the estimate is made.

b) Impairment of non-financial assets
The company assesses its property, plant and equipment, intangible assets and those investments measured at cost, for possible impairment if there are events or changes in circumstances that indicate the carrying values of the assets are not recoverable. Such indicators include changes in the company's business plans, changes in commodity prices leading to unprofitable performance and, for oil and gas properties, significant downward revisions of estimated proved reserve quantities.

Determination as to whether and how much an asset is impaired involves management estimates on highly uncertain matters such as future commodity prices, the effects of inflation and technology improvements on operating expenses, production profiles and the outlook for global or regional market supply and demand conditions for crude oil, natural gas, commodity chemicals and refined products, and the discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Use of accounting estimates, judgements and assumptions (continued)

c) Decommissioning provision
Obligations to remove property, plant and equipment and restore land or seabed require significant estimates in calculating the amount of the obligation and determining the amount required to be recorded at present value in the financial statements. Estimating future decommissioning obligations is complex. It requires management to make estimates and judgements with respect to removal obligations that will come to term many years into the future and contracts and regulations are often unclear as to what constitutes removal. In addition, the ultimate financial impact of environmental laws and regulations is not always clearly known as asset removal technologies and costs constantly evolve in the countries where the company operates, as well as political, environmental, safety and public expectations.

The subjectivity of these estimates is also increased by the accounting method used that requires entities to record the value of a liability for decommissioning obligations in the period when it is incurred (typically, at the time, the asset is installed at the production location). The recognised decommissioning obligations are based on future retirement cost estimates and incorporate many assumptions such as: expected recoverable quantities of crude oil and natural gas, abandonment time, future inflation rates and the discount rate. Management performs periodic reviews for any changes in facts and circumstances that might require recognition of a decommissioning and restoration provision.

d) Recoverability of deferred tax assets
Judgement is required to determine which arrangements are considered to be a tax on income as opposed to an operating cost. Judgement is also required to determine whether deferred tax assets are recognised in the statement of financial position. Deferred tax assets, including those arising from unutilised tax losses, require management to assess the likelihood that the company will generate sufficient taxable earnings in future periods, in order to utilise recognised deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, oil and natural gas prices, reserves, operating costs, decommissioning costs, capital expenditure, dividends and other capital management transactions) and judgement about the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the reporting date could be impacted. In addition, future changes in tax laws in the jurisdictions in which the company operates could limit the ability of the company to obtain tax deductions in future periods.

1 Parent undertakings

The company's immediate parent undertaking is Eni International B.V. a company incorporated in the Netherlands.

The company's ultimate parent undertaking, Eni S.p.A., a company incorporated in Italy with registered office at Piazzale Enrico Mattei 1, 00144 Rome, will produce consolidated financial statements for the year ended 31 December 2022, which will be available from its website (www.eni.com) or on request to Eni S.p.A., Via Emilia 1, 20097 San Donato Milanese, Italy.

The parent company of the largest and smallest group into which the company is consolidated is Eni S.p.A.

2 Discontinued operations and assets and liabilities held for sale

Assets and associated liabilities that are expected to be recovered principally through a sale transaction rather than continuing use are classified as held for sale on the face of the balance sheet and presented separately from assets and liabilities of the company's continuing operations.

On 23 December 2021, the board of directors approved the transfer of the company's three solar farms to special purpose entities indirectly fully owned by Plenitude S.p.A, namely Eni New Energy Katherine Pty Ltd, Eni New Energy Batchelor Pty Ltd and Eni New Energy Manton Dam Pty Ltd ("the Companies"). On 31 December 2021 the Company entered into three separate but substantially identical Asset Sale Agreements.

On 30 June 2022 completion of the transfer occurred following the satisfaction of the condition precedent and the passing of control to the buyer.

	30-Jun-22 $'000
Non-current assets	
Intangible assets	229
Property, plant and equipment	60,648
Assets of disposal groups held for sale	**60,877**
Non-current liabilities	
Provision	632
Lease liability	3,032
Liabilities of disposal groups held for sale	**3,664**
Net assets of disposal group held for sale	**57,213**

As per the sales agreement, the buyer must pay the seller any post effective date project expenses incurred by the seller in connection to the project and any payment made under this clause will be considered as an adjustment to the purchase price. The seller incurred net additional expenses of $264,000 in relation to the project from 1st January 2022 to 30th June 2022 which increased the purchase price to $57,477,000. The consideration due was payable in AUD based on net book value of the assets and liabilities at 31 December 2021 adjusted by interim period economic transactions. On completion, the total consideration received amounted to $53,299,000 which was lower than the adjusted 30 June 2022 purchase price due to an AUD/USD foreign exchange difference of $4,179,000 which was posted to the profit and loss in continuing operations. There has been no profit or loss on sale to recognise on the transfer.

The activities of the three solar farms are classified as discontinued operations in statement of comprehensive income.

3 Revenue

	2022 $'000	2021 $'000
Discontinued Operations		
Solar electricity production – third party	67	380
Continuing Operations		
Other revenue – third party	-	16
	67	396

4 Other income

	2022 $'000	2021 $'000
Continuing Operations		
Recharges to group undertakings and other income	11,127	12,719

Recharges to group undertakings are lower due to higher proportion of costs allocated to ongoing decommissioning activities and Verus (previously Evans Shoal) pre-development studies.

5 Other service costs and expenses

	2022 $'000	2021 $'000
Discontinued Operations		
Third party	241	522
Continuing Operations		
Group undertakings	13,954	11,955
Third party	87,577	16,984
Capitalisation and recharge to partner	(56,822)	(28,778)
	44,709	161
	44,950	683

Other service costs and expenses include general and administrative costs, including labour costs and job orders costs charged by Eni S.p.A.

Other service costs and expenses from continuing operations incurred by third party include $43,847,000 due to change in estimate in decommissioning costs.

6 Operating loss

Operating loss is stated after charging the following amounts in relation to the branch, included within other service costs and expenses:

	2022 $'000	2021 $'000
Discontinued Operations		
Depreciation and amortisation (note 12 and note 13)	-	117
Impairment (note 12)	-	6,177
Disposal (note 13)	-	2,581
Continuing Operations		
Depreciation and amortisation (note 12 and note 13)	1,575	19,125
Auditors' remuneration		
- Audit of the company's financial statements	130	42

Non-audit fee amounted to $nil (2021: $nil).

7 Directors' remuneration

The directors' emoluments were as follows. The emoluments include a deferred bonus of $228,000 (2021: $99,000).

	2022 $'000	2021 $'000
Emoluments	**749**	689

The amounts for remuneration include the following in respect of the highest paid director:

	2022 $'000	2021 $'000
Emoluments	**749**	**689**

The directors' stock options are reported in the financial statements of Eni S.p.A.

8 Labour cost

	2022 $'000	2021 $'000
Discontinued Operations		
Wages and salaries	**94**	233
Continuing Operations		
Wages and salaries	**16,295**	18,998
Other pension costs	**2,139**	2,378
	18,434	21,376
	18,528	21,609

The average monthly number of persons employed by the company during the year, excluding contracted staff, was 89 (2021: 88).

9 Interest receivable and similar income

	2022 $'000	2021 $'000
Discontinued Operation		
Bank interest income – group company	**24**	-
Foreign exchange loss	**(503)**	-
	(479)	-
Continued Operation		
Bank interest income – group company	**11**	-
Bank interest income – third party	**65**	2
Foreign exchange gain	**8,114**	13,399
	8,190	13,401
	7,711	13,401

10 Interest payable and similar expenses

	2022 $'000	2021 $'000
Discontinued Operations		
Interest on finance lease recognised under IFRS16	**54**	122
Other interest – third parties bank charges	**37**	4
Other interest payable – group company	**642**	-
Foreign exchange (gain)/loss	**(152)**	1,376
	581	1,502
Continuing Operations		
Unwinding of discount on decommissioning provision (note 19)	**321**	404
Other interest payable – group company	**1,579**	1,103
Interest on finance lease recognised under IFRS16	**73**	418
Other interest – third parties bank charges	**273**	67
Foreign exchange loss	**306**	-
	2,552	1,992
Total	**3,133**	3,494

11 Taxation

	2022 $'000	2021 $'000
Current tax at 30% (2021– 30%)		
Current period	**(6,823)**	(2,901)
Adjustment in respect of prior period	**(12,226)**	(195)
Total current tax	**(19,049)**	(3,096)
Petroleum Resource Rent Tax		
Current tax	**(37,871)**	(3,346)
Deferred tax	**9,286**	6,292
Total tax	**(28,585)**	2,946
Continuing operations	**(47,634)**	(149)
Discontinued operations	**-**	-
Total taxes	**(47,634)**	(149)

Factors affecting tax charge/ (credit) for the year

The tax assessed for the period is lower (2021: higher) than the standard rate of corporation tax applicable to oil and gas exploration and production companies in the UK non-ring fence tax of 19% (2021: 19%) and an Australian branch rate of 30% (2021: 30%). The differences are explained below:

11 Taxation (continued)

	2022 $'000	2021 $'000
Loss from continuing operations	**(48,595)**	(16,518)
Loss from discontinued operations	**(686)**	(10,752)
Loss before taxation	**(49,281)**	(27,270)
Continuing operations: Loss before tax at 30% (2021 – 30%)	**(14,578)**	(4,955)
Discontinuing operations: Loss before tax at 30% (2021 – 30%)	**(206)**	(3,226)
Expenditure not allowable for tax	**(5)**	5
Group relief surrendered	**6,969**	2,940
Group relief receivable	**(6,823)**	(2,901)
Difference in tax rate	**85**	22
Prior year adjustment to current tax	**(12,226)**	(195)
Deferred petroleum revenue rent tax	**9,286**	6,292
Petroleum revenue resource tax	**(37,871)**	(3,346)
Movement in deferred tax not recognised	**(1,331)**	(4,724)
Unrecognised loss carried forward	**9,066**	9,939
Total Tax continuing operations	**(47,634)**	(149)

As the majority of the company's activities are at branch level, the company represents in the tax note the tax rate applicable in the jurisdiction of the branch.

12 Intangible assets

	Exploration and appraisal costs $'000
Cost	
At 1 January 2022	274,554
Additions	232
At 31 December 2022	**274,786**
Accumulates amortisation and impairment provision	
At 1 January 2022	**33,497**
Amortisation charge (note 6)	249
At 31 December 2022	**33,746**
Net book value	
At 31 December 2022	**241,040**
At 31 December 2021	241,057

In 2021 the impairment charge of $6,177,000 was recognised due to the assessment of the future discounted cash flows being lower than the year end Net Book Value. The lower valuation is due to delayed commencement of commercial operations and expected production curtailment by the Network Service Operator due to grid stability issues.

13 Property, plant and equipment

	Oil & gas properties $'000	Office equipment and other $'000	Right of use assets $'000	Total $'000
Cost				
At 1 January 2022	232,948	12,687	6,489	252,124
Additions	12,459	264	271	12,994
At 31 December 2022	**245,407**	**12,951**	**6,760**	**265,118**
Accumulated depreciation				
At 1 January 2022	212,243	11,777	2,742	226,762
Charge for the year (note 6)	-	294	1,032	1,326
At 31 December 2022	212,243	**12,071**	**3,774**	**228,088**
Net book value				
At 31 December 2022	**33,164**	**880**	**2,986**	**37,030**
At 31 December 2021	20,705	910	3,747	25,362

14 Deferred tax

Deferred tax is calculated in full on temporary differences using a tax rate of 30% (2021 – 30%) in respect of corporate tax and 40% (2021 – 40%) in respect of Petroleum Resource Rent Tax on assets held in Australia noting that the PRRT is deductible from corporate tax. The movement on the deferred tax account is as shown below:

Deferred corporation tax

	2022 $'000	2021 $'000
At 1 January	(11,811)	(18,103)
Charged to the statement of comprehensive income (note 11)	9,286	6,292
At 31 December	**(2,525)**	(11,811)

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net. The movements in deferred tax assets and liabilities during the period are shown below:

Deferred tax liabilities	**Accelerated Capital Allowances $ '000**	**Total $ '000**
At 1 January 2021	72,112	72,112
Charged to the statement of comprehensive income	-	-
At 31 December 2021	72,112	72,112
Charged to the statement of comprehensive income		-
At 31 December 2022	**72,112**	**72,112**

14 Deferred tax (continued)

Deferred tax assets	Decommissioning Provision $ '000	Tax losses $ '000	Total $ '000
At 1 January 2021	18,103	72,112	90,215
Utilised in the year	(6,292)	-	(6,292)
At 31 December 2021	11,811	72,112	83,923
Utilised in the year	(9,286)	-	(9,286)
At 31 December 2022	**2,525**	**72,112**	**74,637**

Deferred tax assets have been offset against the deferred tax liabilities above. The net deferred tax asset to be disclosed as a non-current asset is therefore $2,525,000 (2021: $11,811,000).

The deferred corporation tax asset calculated at the rate of 25% (2021: 25%) on UK tax assets and 30% (2021: 30%) on Australian assets. The amounts that were not recognised in the financial statements amounted to:

	2022 unprovided amount $'000	2021 unprovided amount $'000
Accelerated capital allowances carried forward	**14,032**	12,964
Unrecognised tax losses carried forward – UK	**187,489**	188,253
Unrecognised tax losses carried forward – Australia	**150,094**	138,647
	351,615	339,864

The directors consider it unlikely that there will be suitable taxable profits from which the future reversal of the underlying timing differences could be deducted; therefore, this deferred tax asset has not been recognised.

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. There is no impact to the UK tax assets and UK unrecognised deferred tax as the UK deferred tax assets, unrecognized tax losses, and accelerated capital allowances carried forward are valued at the substantively enacted rate of 25% at the reporting dates.

15 Cash and cash equivalents

	2022 $'000	2021 $'000
Cash at bank and in hand		
Group undertaking – current account	**18,191**	4,254
Third parties – current account	**17,037**	9,290
	35,228	13,544

16 Inventories

	2022 $'000	2021 $'000
Materials and supplies	**2**	2

17 Trade and other receivables

	2022 $'000	2021 $'000
Amounts owed by group undertakings		
Parent undertakings	**673**	-
Fellow subsidiary undertakings	**18,781**	6,536
Other debtors – third party	**4,730**	15,582
Prepayments and accrued income – third party	**232**	633
Petroleum Resource Rent Tax receivable – third party	**12,094**	-
	36,510	22,751

18 Leases

Lease Liabilities

	2022 $'000	2021 $'000
Current	935	1,147
Non-current	1,515	5,115
Total	**2,450**	6,262
Transfer to the liability of the group held for sale	-	(3,078)
	2,450	3,184

The lease for the continuing operations includes leases for office space in Perth and Darwin. The lease contracts end between 2024 and 2025.

Extension and termination options are included in the contracts. These are used to maximise operational flexibility in terms of managing the asset used in the company operations.

The interest expense is included in the finance costs and amount to $73,000 (2021: 418,000). In addition, interest expense amounting to $11,500 (2021: $13,100) are capitalised.

The rent payments are made monthly. Lease payments do not include other variable lease payments that depend on an index or rate.

Payments on leases are as follows:

	$'000
Within 1 year	1,012
Between 2 and 4 years	1,594
	2,606

19 Provisions

	Decommissioning Provision	Insurance Provision	Leave provision	Make Good Provision	Total Provision
	$'000	$'000	$'000	$'000	$'000
At 1 January 2022	29,523	175	5,188	385	**35,271**
Unwinding of discount	321	-	-	-	**321**
Change in estimate	43,847	-	-	-	**43,847**
Charge for the year	-	7	(434)	(24)	**(451)**
Utilised in the year	(67,379)	-	-	-	**(67,379)**
At 31 December 2022	6,312	182	4,754	361	**11,609**

Provisions are split as below:

Provisions	**2022**	2021
	$'000	$'000
Current	**7,992**	31,273
Non-current	**3,617**	3,998
Total	**11,609**	35,271

Decommissioning provision

A provision of $6,312,000 (2021: $29,523,000) has been recognised for decommissioning costs remaining relating to producing oil fields in which the company was a participant. The provision has been estimated using existing technology, existing life of field estimates, current decommissioning cost estimates and discounted using the directors' assessment of an appropriate risk adjusted discount rate of 4.54% (2021 – 1.07%). The final phase of the decommissioning campaign to remove the remaining subsea equipment have been completed successfully in December 2022 and ongoing permit maintenance will continue throughout 2023.

Insurance provision

The provision of $182,000 (2021: $175,000) relates to insurance premiums to be imposed on the company by its oil insurance provider.

Leave provision

The provision of $4,754,000 (2021: $5,188,000) relates to annual leave and long service leave owed to employees. Employees will be entitled to long service leave after ten years of service however they will be entitled to a pro-rata payment after seven years of service if the employee terminates his/her employment with the company. $1,680,000 of the leave provision is a current liability.

Make Good

The make good provision of $361,000 (2021: $385,000) relates to the restoration costs of the office building lease.

20 Trade and other payables

	2022 $'000	2021 $'000
Trade creditors – third party	**6,760**	3,615
Amounts owned by Group undertakings:		
Parent undertakings	**5,224**	7,137
Fellow subsidiary undertakings	**94**	4
Other creditors – third party	**5,321**	3,220
Accruals and deferred income – third party	**18,576**	28,342
	35,975	42,318

Trade creditors relate to operating activity and decommissioning invoices payable.
Amounts owned to parent company relate to technical support through Job orders and general and administrative costs.
Amounts owned to fellow subsidiary companies relate to financing and employee costs with group entities.
Other creditors relate to joint ventures and employee related accruals.
Accruals and deferred income mainly relate to costs accrued in relation to decommissioning activities.

21 Borrowings

	2022 $'000	2021 $'000
Short term borrowing		
Group undertaking	**25,600**	**104,500**

22 Share capital

	2022 '000	2021 '000
Allotted and fully paid £1 ordinary equity shares	**£20,000**	£20,000
US Dollar equivalent	**$32,199**	$32,199

Under the Companies Act 2006, there is no requirement for the company to have an authorised share capital and the company's Article of Association does not set a maximum amount of shares that the company may allot.

Capital contribution reserve

During the year the parent company Eni International B.V. made a capital contribution of $92,700,000 (2021: $nil). The capital contribution reserve amounts to $649,200,000 as at 31 December 2022.

23 Capital commitments

The company has interests in various consortia engaged in exploration and development of oil and gas. As a member of these consortia, the company is committed to pay its share of the costs of development. Currently there is no capital expenditure commitment for development in 2023 (2022: $nil). The company plans to invest $40,000,000 during 2023 in development study aiming for commercialisation for Verus gas field (2022: $8,100,000).

In addition to development expenditure, the company is committed to pay its share of the costs of exploration, which is estimated to involve capital expenditure in 2023 of approximately $660,000 (2022: $600,000).

In addition to development and exploration studies, the company foresees to spend in 2023 $1,200,000 (2022: $2,000,000) for Carbon Capture and Sequestration studies.

24 Joint operations

Name of license	Place of operation	Interest held as at 31 December 2022	Interest held as at 31 December 2021
WA-25-L (Woollybutt Production field – Carnarvon Basin)	Australia	76.47%	65%
NT/RL8 – (Bonaparte Basin, previously NT/P68)	Australia	100%	100%
NT/RL7 – (Bonaparte Basin, previously NT/P48)	Australia	72.22%	72.22%

25 Post balance sheet events

There are no post balance sheet events to report.