

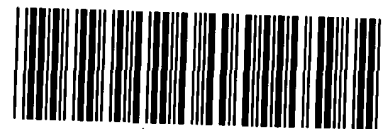
Registration number: 01474678

Premier Oil South Andaman Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2020

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Premier Oil South Andaman Limited

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Premier Oil South Andaman Limited

Company Information

Directors	D G Griffin A L Krane P A Kirk H R Landes
Company secretary	D A Rose
Registered office	23 Lower Belgrave Street London SW1W 0NR
Auditors	Ernst & Young LLP Auditor 1 More Place London United kingdom SE1 2AF

Premier Oil South Andaman Limited

Directors' Report for the Year Ended 31 December 2020

The directors present their annual report on the affairs of Premier Oil South Andaman Limited ("the company"), together with financial statements for the year ended 31 December 2020.

Small companies provision statement

In preparing the directors' report, advantage has been taken of the small companies' exemption. The report of the directors has been prepared in accordance with the special provision in part 15 of the Companies Act 2006 and the exemptions entitled to it under section 415A. The Company is exempt from preparing a strategic report.

Principal activity

The company was incorporated on 23 January 1980 and is part of the Harbour Energy plc (formerly Premier Oil plc group prior to the completion of the merger with Chrysaor Holdings Limited on 31 March 2021) In July 2019, the company changed its name from Premier Oil Ventures Limited with its shareholding transferring to Premier Oil Overseas B.V from Premier Oil Holdings Limited. The company's principal activity is that of oil and gas exploration. The directors do not foresee any changes in the company's activities in the immediate future.

In the prior the year, the company farmed in for a 20 per cent interest in South Andaman PSC. This expanded the group's acreage position in the South Andaman Sea. A 3D seismic acquisition programme was completed during the first half of 2019 and processing products received through to 2021 confirmed the prospective nature of the acreage. The operator has currently deferred any future drilling to 2023, having originally scheduled one or two wells in 2022 targeting the Parang Parang and Layaran prospects. In April 2022 the PSC will progress to the 2nd exploration phase incurring a one well commitment.

Directors of the company

The directors who served throughout the year, except as noted, were as follows:

A G Gibb (resigned 15 April 2021)

R A Rose (resigned 15 April 2021)

A R C Durrant (resigned 16 December 2020)

R A Allan (resigned 25 June 2020)

D G Griffin

The following directors were appointed after the year end:

A L Krane (appointed 15 April 2021)

P A Kirk (appointed 15 April 2021)

H R Landes (appointed 15 April 2021)

Subsequent events

Refer to note 11 to the Financial Statements.

Directors indemnities

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Going concern

Based on the considerations detailed in note 2, the directors have a reasonable expectation that the company has adequate resources to continue as a going concern for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing these financial statements.


Premier Oil South Andaman Limited

Directors' Report for the Year Ended 31 December 2020 (continued)

Disclosure of information to the auditors

Each director has taken 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. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on 23 September 2021 and signed on its behalf by:

DocuSigned by:

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A L Krane
Director

Premier Oil South Andaman Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 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. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Premier Oil South Andaman Limited

Independent Auditor's Report to the Members of Premier Oil South Andaman Limited

Opinion

We have audited the financial statements of Premier Oil South Andaman Limited (the 'company') for the year ended 31 December 2020, which comprise the Balance Sheet, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its results 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; and

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

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 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Premier Oil South Andaman Limited

Independent Auditor's Report to the Members of Premier Oil South Andaman Limited (continued)

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 4], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's 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 auditor's 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.

Premier Oil South Andaman Limited

Independent Auditor's Report to the Members of Premier Oil South Andaman Limited (continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.


Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework and the relevant tax compliance regulations in the jurisdictions in which the company operates. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements, including those relating to health and safety, employee matters, environmental, and bribery and corruption practices;
- We understood how the company is complying with those frameworks by making enquiries of management, legal counsel and the Company Secretary. We corroborated the results of our enquiries through our review of Board minutes and correspondence received from regulatory bodies and noted that there was no contradictory evidence;
- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur by considering the degree of incentive, opportunity and rationalisation that may exist to perform fraud. Where fraud risks were identified, we applied journal entry selection criteria to identify journals that were considered unusual or indicative of potential fraud before tracing such transactions back to source information in order to test their validity and appropriateness. In addition, our procedures included review of the volume and nature of complaints received by the whistleblowing hotline during the year; and
- based on the results of our audit procedures, there were no significant instances of non-compliance with laws and regulations identified.

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

Use of our report

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 auditor's 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.

DocuSigned by:

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Gary Donald (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London

23 September 2021

Premier Oil South Andaman Limited

(Registration number: 01474678)
Balance Sheet as at 31 December 2020

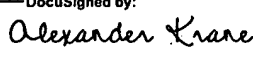
	Note	2020 US\$	2019 US\$
Fixed assets			
Intangible assets	6	7,715,529	5,227,867
Current assets			
Debtors	7	403,437	1,300,931
Creditors: Amounts falling due within one year	8	<u>(12,167,450)</u>	<u>(10,577,282)</u>
Net current liabilities		<u>(11,764,013)</u>	<u>(9,276,351)</u>
Net liabilities		<u>(4,048,484)</u>	<u>(4,048,484)</u>
Capital and reserves			
Called up share capital		6,144,000	6,144,000
Share premium		288,000	288,000
Profit and loss account		<u>(10,480,484)</u>	<u>(10,480,484)</u>
Total equity		<u>(4,048,484)</u>	<u>(4,048,484)</u>

Premier Oil South Andaman Limited (registered number 1474678) did not incur any transactions that resulted in any income or expenses during the current or preceding period and has neither profit nor loss, nor any other items of comprehensive income.

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Approved and authorised by the Board on 23 September 2021 and signed on its behalf by:

DocuSigned by:

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A L Krane
 Director

Premier Oil South Andaman Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

23 Lower Belgrave Street
London
SW1W 0NR

These financial statements are separate financial statements. The company is a subsidiary of Harbour Energy plc (formerly Premier Oil plc). The group financial statements of Harbour Energy plc (formerly Premier Oil plc) for the year ended 31 December 2020 are available to the public and can be obtained from 23 Lower Belgrave Street, London, SW1W 0NR or on the company website www.harbourenergy.com. The registered office address of the parent company preparing consolidated Financial Statements is 4th Floor, Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EN.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

The accounts comply with the requirements of the Companies Act 2006: Statement of Recommended Practice applicable to companies preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102 1A).

Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards and law

These financial statements are presented in United States Dollar ("USD") since that is the currency in which the majority of the Company's transactions are denominated.

Summary of disclosure exemptions

The company has taken advantage of the exemption to prepare a cash flow statement or disclose details of any related party transactions as there has been no movement in the current or prior year.

Going concern

The ability for the company to continue to operate as a going concern is dependent on financial support from the company's ultimate parent company, Harbour Energy plc (formerly Premier Oil plc), as a result of cash pooling across the group. The directors have adopted the going concern basis of accounting for the preparation of the financial statements as Harbour Energy plc has undertaken to directly provide the necessary financial support to the company, as and when required, to meet all liabilities throughout the 12 month period from the date of approval of these accounts.

Premier Oil South Andaman Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Going concern (continued)

In making their assessment of going concern the directors have considered the letter of support from Harbour Energy plc and the material uncertainties in respect of going concern disclosed in its most recent annual report dated 17 March 2021 which stated;

The uncertainties regarding (1) management's ability to complete the proposed merger of Premier Oil plc ('Premier') and Chrysaor Holdings Ltd ('Chrysaor') and the reorganisation of Premier's existing finance arrangements ('Debt Restructuring') (together, 'the Corporate Actions'); and (2) should the Corporate Actions fail to complete, management's ability to complete an alternative restructuring of its existing debt facilities and certain hedging liabilities and obtain covenant deferrals or waivers in the intervening period to prevent its existing debt falling due within the going concern period, create material uncertainties that may cast significant doubt on the company's ability to continue as a going concern.

The directors note that subsequent to the publication of the annual report, on 31 March 2021, the Corporate Actions, which included the settlement of Premier's debt facility that was due to mature in May 2021 via drawdown on the enlarged group's Reserve Based Lending ('RBL') facility that matures in November 2027, were completed. Following the completion of the Corporate Actions and following inquiries regarding the future liquidity of Harbour Energy plc, the directors have no reason to believe that Harbour Energy plc will not be able to honour its commitments in accordance with the letter of support. Therefore, the directors have a reasonable expectation that the company has adequate resources to continue as a going concern for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing these financial statements.

Fixed assets

Oil and gas assets

The Company applies the successful efforts method of accounting intangible fixed asset costs.

Intangible assets

Under the successful efforts method of accounting, all licence acquisition, exploration and appraisal costs are initially capitalised in well, field or specific exploration cost centres as appropriate, pending determination. Expenditure incurred during the various exploration and appraisal phases is then written off unless commercial reserves have been established or the determination process has not been completed

Pre-licence costs

Costs incurred prior to having obtained the legal rights to explore an area are expensed as they are incurred.

Exploration and evaluation (E&E) costs

Costs of E&E are initially capitalised as intangible fixed assets. Payments to acquire the legal right to explore, costs of technical services and studies, seismic acquisition, exploratory drilling and testing are capitalised as intangible fixed assets.

Tangible assets used in E&E activities (such as the Company's vehicles, drilling rigs, seismic equipment and other property plant and equipment used by the Company's exploration function) are classified as tangible fixed assets. However, to the extent that such a tangible asset is consumed in developing an intangible E&E asset, the amount reflecting that consumption is recorded as part of the cost of the intangible asset. Such intangible costs include directly attributable overheads, including the depreciation of tangible fixed assets utilised in E&E activities, together with the cost of other materials consumed during the E&E phases. E&E costs are not amortised prior to the conclusion of appraisal activities.

Premier Oil South Andaman Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Treatment of E&E assets at conclusion of appraisal activities

Intangible E&E assets related to each exploration licence/prospect are carried forward, until the existence (or otherwise) of commercial reserves has been determined subject to certain limitations including review for indications of impairment. If commercial reserves have been discovered, the carrying value, after any impairment loss, of the relevant intangible fixed assets is then reclassified as development and production assets, once a field development plan has been approved or a gas sales agreement has been signed. If, however, commercial reserves have not been found, the capitalised costs are charged to expense after conclusion of appraisal activities.

Foreign currencies

The local currency of the company is United States dollars. All transactions denominated in foreign currencies, being currencies other than the local currency, are recorded in the local currency at actual exchange rates as of the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rate, subsequent to the dates of the transactions, is included as an exchange gain or loss in the income statement.

Tax

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3 Profit and loss account

No profit and loss account is presented with these financial statements because the Company has not received income, incurred expenditure or recognised any gains or losses during either the year under review or the preceding financial year. There have been no movements in shareholders' funds during the year under review.

4 Staff costs and directors' remuneration

The average number of persons employed by the company during the year, was 0 (2019 - 0).

The directors received no remuneration for their services to the Company during the year as any salaries are paid by the ultimate parent company or other group companies (2019: US\$nil).

5 Taxation

There was no current or deferred tax charge in the year (2019:US\$nil).

The company had unutilised tax allowances of US\$7,715,529 as at 31 December 2020 (2019: US\$5,227,867). No deferred tax asset is recognised as insufficient taxable profits are expected to arise in the future against which the deferred tax asset could reverse. These tax allowances have no fixed expiry date but will cease to be eligible for UK tax relief if the company does not commence a related trade by the end of 2025.

In the March 2021 Budget, it was announced that the UK Corporation Tax Rate will rise from its current rate of 19 per cent to 25 per cent with effect from April 2023. UK deferred tax balances as at 31 December 2020 continue to be measured at a rate of 19 per cent as this was the substantively enacted rate at that date. There is no impact on the company's net deferred tax balances as a result of increasing the rate to 25 per cent with effect from April 2023.

Premier Oil South Andaman Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

6 Intangible assets

	Oil and Gas properties cost US\$
Cost	
At 1 January 2020	5,227,867
Additions	<u>2,487,662</u>
At 31 December 2020	<u><u>7,715,529</u></u>

The amounts for intangible exploration and evaluation (E&E) assets represent costs incurred on active exploration projects. These amounts are written off to the profit and loss account as exploration expense unless commercial reserves are established or the determination process is not completed and there are no indications of impairment. The outcome of ongoing exploration, and therefore whether the carrying value of E&E assets will ultimately be recovered, is inherently uncertain.

7 Debtors

	2020 US\$	2019 US\$
Trade debtors	-	1,298,861
Prepayments	<u>403,437</u>	<u>2,070</u>
	<u><u>403,437</u></u>	<u><u>1,300,931</u></u>

8 Creditors

Creditors: amounts falling due within one year

	2020 US\$	2019 US\$
Due within one year		
Trade creditors	78,680	57,604
Other creditors	90,739	647,534
Taxation	-	96,478
Accruals	208,301	2,485,561
Amounts owed to group companies	<u>11,789,730</u>	<u>7,290,105</u>
	<u><u>12,167,450</u></u>	<u><u>10,577,282</u></u>

Amounts owed to group companies includes a loan denominated in US dollars. No interest is payable on this inter-company loan and is payable on demand.

Premier Oil South Andaman Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

9 Share capital

Allotted, called up and fully paid shares

	2020		2019	
	No.	US\$	No.	US\$
Ordinary shares of £1 each	<u>3,200,000</u>	<u>6,144,000</u>	<u>3,200,000</u>	<u>6,144,000</u>

10 Parent and ultimate parent undertaking

The company's immediate parent is Premier Oil Overseas B.V, incorporated in The Netherlands. The ultimate and controlling parent is Harbour Energy plc (formerly Premier Oil plc), a company incorporated in Great Britain and registered in Scotland. Harbour Energy plc is the parent undertaking of the largest and the smallest group of which the company is a member and for which group financial statements are prepared. Copies of the group financial statements are available upon request from Harbour Energy plc, 23 Lower Belgrave Street, London, SW1W 0NR

11 Subsequent events

Subsequent to the year end, Premier Oil plc's proposed merger with Chrysaor Holdings Limited was completed on 31 March 2021.

Further detail on the terms of the merger are available in the group financial statements of Harbour Energy plc (formerly Premier Oil plc) for the year ended 31 December 2020.