Ithaca Oil and Gas Limited
Financial Statements for the year ended 31 December 2020

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General Information

Directors
A Bruce (appointed 20 September 2021)
G Myerson (appointed 14 June 2021)
G Forbes (resigned 31 January 2021)
B Dunnett (appointed 24 August 2020; resigned 14 September 2021)
D Crawford (appointed 1 February 2021; resigned 1 September 2022)
L Thomas (resigned 24 August 2020)

Company Secretary
Pinsent Masons Secretarial Limited
1 Park Row
Leeds
England
LS1 5AB

Independent Auditors
Ernst & Young LLP
Chartered Accountants and Statutory Auditors
2 Marischal Square
Aberdeen
AB10 1BL

Bankers
BNP Paribas
London Office
3 Harewood Avenue
London
NW1 6AA

Solicitors
Pinsent Masons
13 Queen's Road
Aberdeen
AB15 4YL

Registered Office
1 Park Row
Leeds
England
LS1 5AB

Strategic Report for the year ended 31 December 2020

The directors present their Strategic Report on Ithaca Oil and Gas Limited for the year ended 31 December 2020.

Principal activities and review of the business

The Company's principal activity during the year was appraisal and development of, and production from, North Sea oil and gas properties.

Ithaca Oil and Gas Limited is an oil and gas appraisal, development and production company active in the United Kingdom's Continental Shelf ("UKCS"). The goal of the Company, in the near term, is to maximise production from existing fields and achieve early production from the development of existing discoveries on licenses held by the Company, to originate and participate in exploration on licenses held by the Company that have the potential of making significant contributions to future production, and to consider other opportunities for growth as they are identified by the Company.

The success of the Company depends on the ability to deliver lower risk growth through the appraisal and development of UK undeveloped discoveries and the exploitation of its existing UK producing asset portfolio. The Company's directors are of the opinion that analysis using KPIs is appropriate for an understanding of the development and performance of the business.

Company financial key performance indicators

	Year ended 31 December 2020	Year ended 31 December 2019
Production (barrel of oil equivalent - boe)		
Production (thousands of barrels of oil equivalent - mboe)	666	22,745
Production (barrels of oil equivalent per day - boepd)	1,825	62,316
Average oil realised price ($/barrel of crude oil -bbl)	44	51

Production
The Company's production in 2020 was 666,455 boe (2019: 22,745,340 boe), a decrease from the previous year. This is attributable to the sale of the equity interests in nine of the Compay's assets to other Ithaca entities, effective 17th December 2019, with 2019 including almost a full 12 months of production.

Price
Average realised oil prices decreased to $44/bbl in 2020 in line with market movement (2019: $51/bbl). This takes into account the decrease in average Brent price from $64/bbl in 2019 to $42/bbl in 2020.

Company financial results

Income Statement

Revenue decreased by 97% from $1,164.6 million in 2019 to $33.7 million for the year ended 31 December 2020. This is attributable to the sale of the equity interests in nine of the Company's assets to other Ithaca entities, effective 17th December 2019 following Oil and Gas Authority (OGA) approval, with 2019 having almost the full 12 months of revenue.

Costs decreased in 2020 due to the sale of the assets, resulting in an operating loss of $15.9 million for the year (2019: operating profit $1,711 million).

During 2020, the Company recorded a $4.3 million pre-tax impairment charge (2019: nil) relating to D&P assets. This was driven by the fall in oil and gas forward curves which resulted in a full impairment review.

Statement of Financial Position
The Company is in a net assets position at the end of 2020 of $2,249.9 million ($2,190.7 million net assets in 2019). The increase has primarily been driven by the profit made in the year.

Principal risks and uncertainties

The principal risks and uncertainties of the Company are consistent with the principal risks of the group and are not managed separately. Refer to the Directors' Report for further details.

Transition to FRS 101

For the first time, in order to be consistent with the other entities with the Ithaca Energy Group, the financial statements have been prepared in accordance with FRS 101. This has not lead to any material impact on the entity's financial position or financial performance.

Section 172 (1) statement

This section of the Strategic Report describes how the directors have had regard to the matters set out in section 172(1), and forms the directors' statement required under section 414CZA, of the Companies Act 2006.

The Directors have acted in a way that they considered, in good faith, to be most likely to promote the success of the Company for the benefit of its members as a whole and in doing so have regard, amongst other matters, to:

Strategic Report for the year ended 31 December 2020 (continued)

The likely consequence of any decision in the long term

The Company is part of a Group and has a strong Board of experienced industry professionals. The Board meets in person quarterly with additional meetings and calls as required. The Board consider and discuss the long-term goals of the Group and the impact that any decisions might have across the relevant stakeholders. It also reviews strategy, financial and operational performance to ensure considered and informed decisions in the best interest of the Group and its members. Information is provided to the Board through reports sent in advance of each Board meeting.

The interests of the Group's employees

The Group is located within a single onshore location in Aberdeen and across a number of offshore production and storage facilities. The executive directors of the board are co-located within the onshore location and are readily accessible to the workforce. The board promotes employee engagement through a variety of channels:

- Regular town hall meetings are held to ensure maximum accessibility to all employees. Key business issues including targets and performance are discussed. Employees can engage directly with board members and management at these meetings and can ask questions in person or submit questions by email beforehand.
- Employees can participate as members of the Employee Consultation Forum ("ECF"). The ECF consists of a group of elected employees who come together with management representatives on a regular basis to exchange information, discuss, and where appropriate consult, on a variety of workplace issues

The need to foster the Group's business relationships with suppliers, customers and others

Members of the senior management team and the board meet with key vendors, customers and lenders to enhance relationships and share learnings and points of view. Regular meetings and telephone discussions are held with lenders either in Aberdeen or at the offices of each lender.

The impact of the Group's operations on the community and the environment; the desirability of the group maintaining a reputation for high standards of business conduct; the need to act fairly between members of the group

The welfare of the community and environment in which the Group operates is of fundamental importance. The Group is committed to the principle of continuous improvement in its environmental performance through responsible design, development and operations. The Group is committed to achieving excellence in Health, Safety and Environmental matters.

Maintain a reputation for high standards of business conduct

The UK oil and gas industry is a highly regulated business environment. Within this highly regulated environment, the board oversees a group that is subject to a considerable level of scrutiny and oversight as a function of:

- Its backing from its parent Delek Group Limited and the subsequent scrutiny and reporting and regular audit requirements which this brings, further disclose and SECR compliance is considered at Group level and can be found within Ithaca Energy Limited
- its financial support from its parent, Delek Group Limited, and the subsequent scrutiny, reporting and regular audit requirements which this brings.
- the external listed debt held to support the wider Group, which includes involvement with bondholders and financial institutions

Act fairly between members of the company

The immediate parent company is Ithaca Energy (UK) Limited, a privately held company ultimately owned by Delek Group Limited which is an independent Exploration and Production company listed on the Tel Aviv Stock Exchange. The board of the Group is made up of two members of Ithaca Energy (UK) Limited and two members of Delek Group. The board provides stakeholders with a clear assessment of the Company position and outlook, which is communicated via the quarterly and annual financial reports and other ad hoc meetings and communications such as public announcements, presentations and conferences.

This report was approved by the board on 24 March 2023

On behalf of the Board

A Bruce
Director

24 March 2023

Directors' Report for the year ended 31 December 2020

The Directors present their report and the financial statements of Ithaca Oil and Gas Limited (the "Company") for the year ended 31 December 2020.

Results and dividends

The Company's profit for the financial year was $59.3 million (2019: $1,755.8 million) which has been taken to reserves. The Directors do not recommend payment of a dividend (2019: $0.7m).

Future developments

Management's primary area of focus for 2021 and beyond, with regards to Alba, is to continue to operate safely, efficiently and maximise production.

The Group will also advance the other existing operated and non-operated projects and developments over the year as well as evaluating any potential opportunities to expand the asset portfolio in order to continue to deliver shareholder value.

Financial risk management

The financial risk management objectives and policies of the Company as well as the exposure of the Company to liquidity risk and cash flow risk are consistent with the Group and are not managed separately.

Given the size of the Company, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board.

Commodity risk management
Commodity price risk related to crude oil prices is the Company's most significant market risk exposure. Crude oil prices and quality differentials are influenced by worldwide factors such as OPEC actions, political events and supply and demand fundamentals. The Company is also exposed to natural gas price movements. Natural gas prices are generally influenced by oil prices and local market conditions. The Company's expenditures are subject to the effects of inflation, and prices received for the product sold are not readily adjustable to cover any increase in expenses from inflation. The Company may periodically use different types of derivative instruments to manage its exposure to price volatility, thus mitigating fluctuations in commodity-related cash flows.

Foreign Exchange Rate Risk
The Company is exposed to foreign exchange risks to the extent it transacts in various currencies, while measuring and reporting its results in US Dollars. Since time passes between the recording of a receivable or payable transaction and its collection or payment, the Company is exposed to gains or losses on non USD amounts and on statement of financial position translation of monetary accounts denominated in non USD amounts upon spot rate fluctuations from quarter to quarter.

Credit risk
The Company's accounts receivable with customers in the oil and gas industry are subject to normal industry credit risks and are unsecured.

The Company applies IFRS 9 simplified model for measuring the expected credit loss which uses a lifetime expected loss allowance and is measured on the days past due criterion. Having reviewed past payments combined with the credit profile of its existing trade debtors in order to assess the potential for impairment, the Company has concluded that this is insignificant as there has been no history of default or disputes arising on invoiced amounts since inception and as such the credit loss percentage is assumed to be almost zero. No provision for doubtful accounts against these sales has been recorded as at 31 December 2020 (2019: nil).

The Company also has credit risk arising from cash and cash equivalents held with banks and financial institutions. The maximum credit exposure associated with financial assets is the carrying values.

Liquidity risk and cash flow risk
The Company along with the parent company (see note 18) actively maintains a view on the future to optimise the mixture of debt and equity that will ensure the Company has sufficient available funds to develop its existing licenses and participate in future opportunities.

Directors
The Directors who held office during the year and up to the date of this report are given below:
A Bruce (appointed 20 September 2021)
G Myerson (appointed 14 June 2021)
G Forbes (resigned 31 January 2021)
B Dunnett (appointed 24 August 2020; resigned 14 September 2021)
D Crawford (appointed 1 February 2021; resigned 1 September 2022)
L Thomas (resigned 24 August 2020)

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

Directors' Report for the year ended 31 December 2020 (continued)

Going concern

To conclude on the going concern for the Company, the directors have considered the liquidity and solvency of Ithaca Energy PLC and have considered going concern at the group level.

The Directors consider the preparation of the financial statements on a going concern basis to be appropriate. This is due to the following key factors:

- Strong commodity markets in 2022 - Brent has averaged approximately $100/bbl and NBP has averaged approximately 199p/therm since December 2021;
- Reserved Based Lending ("RBL") liquidity headroom of almost $700 ($450 drawn versus $925 available), plus $210 cash as at 24 March 2023;
- Strong operational performance and well-diversified portfolio which has been strengthed by the acquisitions of Siccar Point Energy and Summit as at 30 June and with Abigail coming online in November 2022.

The directors closely monitor the funding position of the Group throughout the year including monitoring continued compliance with covenants as described in the Groups Annual Accounts, and available facilities to ensure sufficient headroom to fund operations.

Owing to the on-going fluctuations in commodity demand and price volatility, management prepare sensitivity analyses to allow proactive management of business risks including liquidity risk, including the following separate scenarios covering the period through 31 December 2024:

- 10% decrease in production for the years ending 31 December 2023 and 31 December 2024
- average sales price for oil of $70/bbl for 2023 and $62/bbl for 2024 and for gas 103p/therm in 2023 and 103p/therm in 2024
- 10% increase in opex and capex for the calendar years 2023 and 2024

The sensitivites above, when considered on a combined basis, when the Directors consider to represent a reasonable worst case would continue to result in the business being able to meet its obligations as they fall due. The Group would still continue to have sufficient cash headroom through the period to 31 December 2024 ('the going concern period') and stull have the necessary liquidity to continue trading.

Based on their assessment of the Group's financial position to the period 31 December 2024, the company's directors believe that the Group will be able to continue in operational existence for the foreseeable future. As the company are reliant on the settlement of their intercompany debtor position to fund future liabilities, this group assessment provides comfort that these values will be received. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Statement of Directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Strategic Report, Directors' Report and the Company's 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 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 in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- present information, included accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs and FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- 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.

Directors confirmations

The directors in office at the date of approval of this report confirm that:

- So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- The directors have taken all the necessary steps that ought to have been 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

As far as the Directors are aware there is no relevant information needed by the auditor in connection with preparing their report, of which the auditor is unaware of. Pursuant to section 485 of the Companies Act 2006, the Directors have appointed Deloitte LLP as auditor of the Company from the 2021 period onwards.

On behalf of the Board

Alan Bruce
Director

24 March 2023

Independent Auditor's Report to the members of Ithaca Oil and Gas Limited

Report on the financial statements

Opinion

We have audited the financial statements of Ithaca Oil and Gas Limited for the year ended 31 December 2020 which comprise the Income Statement, Statement of Financial Position, Statement of changes in equity and the related notes 1 to 20, 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 101 "Reduced Disclosure Framework".

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2020 and of its profit 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.

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 to 31 December 2024.

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 contained within the annual report.

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, 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.

Independent Auditor's Report to the members of Ithaca Oil and Gas Limited (continued)

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.

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.

- 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 (FRS 101 and the Companies Act 2006) and relevant tax compliance regulations in the United Kingdom. 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, such as compliance with Oil and Gas Authority regulations, the Petroleum Act, health and safety regulations, GDPR, environmental regulations and bribery and corruption regulations;
- We understood how the company is complying with those frameworks by making enquiries of management to understand how the company maintains and communicates its policies and procedures in these areas and corroborated this by reviewing all minutes of board meetings held during the year. We observed the culture of openness within the company, supported by the Code of Conduct, HR policies, data protection policies and clarity of roles and responsibilities for all employees within the business including delegations of authority.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by assuming revenue to be a fraud risk;
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved testing journal entries identified by specific risk criteria. We also focused on the judgemental aspects of the audit, challenging assumptions made, models used in determining estimates and sought to obtain corroborative or contradictory evidence to support and/or challenge the estimates applied. In terms of revenue recognition, we corroborated a sample of transactions back to underlying documentation such as bank statements and lifting conformations and ensures appropriate authorisation and recording of revenue entries into the general ledger. We held enquiries with the legal department to assess whether any non-compliance of laws and regulations, or fraud have been identified.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://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.

Ernst & Young LLP

Clarke Cooper (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP
Chartered Accountants and Statutory Auditors
Aberdeen, United Kingdom
24 March 2023

Income Statement and Other Comprehensive Income

For the year ended 31 December 2020

	Note	2020 US$'000	Restated* 2019 US$'000
Revenue	4	33,666	1,164,581
Cost of sales	5	(32,521)	(559,239)
Gross profit		1,145	605,342
Gain on disposal		-	1,123,327
Impairment charge	11	(4,590)	-
Administrative expenses	6	(2,041)	(17,307)
Foreign exchange loss		(10,378)	-
Operating (loss)/profit		(15,864)	1,711,362
Finance costs	7	(15,726)	(23,282)
Interest receivable	8.	57,156	-
Profit before taxation		25,566	1,688,080
Taxation	17	33,702	16,894
Profit for the financial year		59,268	1,704,974
Other Comprehsenive Income			
Retranslation of operations, net of tax		-	50,778
Total comprehensive income for the financial year		59,268	1,755,752

The results above are entirely derived from continuing operations.

*See note 2 for further information related to the restatement of the 2019 income statement.

The notes on pages 13 to 21 are an integral part of these financial statements.

Statement of Financial Position
As at 31 December 2020

	Note	2020 US$'000	Restated* Dec-19 US$'000	Restated* Jan-19 USD$'000
Non-current assets				
Property, plant & equipment	11	64,419	63,717	2,617,536
Intangible assets	10	-	462	1,528
Investments		-	-	127
Deferred tax asset	17	170,718	114,230	-
Trade and other receivables	13	2,492,160	2,447,028	-
		2,727,297	2,625,437	2,619,191
Current assets				
Inventories	9	6,687	5,315	74,750
Trade and other receivables	13	26,479	27,840	281,300
Cash and cash equivalents		278	5,772	-
Deposits, prepayments and other debtors		497	-	127
		33,941	38,927	356,177
Creditors: amounts falling due within one year	14	(29,083)	(108,809)	(208,333)
Net current assets		4,858	(69,882)	147,844
Total assets less current liabilities		2,732,155	2,555,555	2,767,035
Creditors: amounts falling due after more than one year				
Decommissioning liabilities	12	(479,806)	(354,145)	(1,606,305)
Contingent consideration	15	(2,350)	-	-
Other long-term liabilities	15	-	(10,679)	(15,408)
		(482,156)	(364,824)	(1,621,713)
Net assets		2,249,999	2,190,731	1,145,322
Capital and reserves				
Called up share capital	16	485,497	485,497	485,497
Share premium		216,568	216,568	216,568
Translation reserve		(218,067)	(218,067)	(268,845)
Retained earnings		1,766,001	1,706,733	712,102
Total shareholders' funds		2,249,999	2,190,731	1,145,322

*See note 2 for further information related to the restatement of the 2019 statement of financial position.

The financial statements on pages 10 to 21 were approved by the Board of Directors on 24 March 2023 and signed on its behalf by:

Alan Bruce
Director

The notes on pages 13 to 21 are an integral part of these financial statements.

Statement of Changes in Equity
For the year ended 31 December 2020

	Called up share capital US$'000	Share premium US$'000	Translation Reserve US$'000	Retained earnings US$'000	Total shareholders' funds US$'000
Balance, 1 Jan 2019 (restated)	485,497	216,568	(268,845)	712,102	1,145,322
Profit for the financial year	-	-	-	1,704,974	1,704,974
Share based payments	-	-	-	1,759	1,759
Other comprehensive income - Translation of operations	-	-	50,778	-	50,778
Dividends paid	-	-	-	(712,102)	(712,102)
Balance, 31 Dec 2019	485,497	216,568	(218,067)	1,706,733	2,190,731
Profit for the financial year	-	-	-	**59,268**	**59,268**
Balance, 31 Dec 2020	**485,497**	**216,568**	**(218,067)**	**1,766,001**	**2,249,999**

The notes on pages 13 to 21 are an integral part of these financial statements.

Notes to the financial statements for the year ended 31 December 2020

1. NATURE OF OPERATIONS

Ithaca Oil and Gas Limited ("the Company"), is a private company limited by shares incorporated in England and domiciled in Scotland. The Company is involved in the appraisal, development and production of oil & gas in the North Sea. The registered office address of the Company is 1 Park Row, Leeds, LS1 5AB.

2. BASIS OF PREPARATION

These financial statements of the Company have been prepared on a going concern basis in accordance with United Kingdom Accounting Standards, FRS 101 and the Companies Act 2006 ("the Act") as applicable to companies using FRS 101.

FRS 101 sets out a reduced disclosure framework for a "qualifying entity", as defined in the Standard, which addressed the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted International Financial Reporting Standards ("IFRSs").

The financial statements for the year ended 31 December 2020 are the first financial statements of Ithaca Oil and Gas Limited prepared in accordance with FRS 101. During the year the company reconsidered its functional currency, assessing revenues, costs and funding in place and determined it should be converted to USD. Additionally the presentational currency has also been changed to USD.

The company transitioned from FRS 102 to FRS 101 for all periods presented and the date of transition to FRS 101 was 1 January 2019. There were no material differences, other than currency, in the accounting policies of Ithaca Oil and Gas Limited between FRS 102 to FRS 101. The Company restated prior periods for this voluntary presentaton change in line with IAS8, Accounting Policies, Changes in Accounting Estimates and Errors from 1 January 2019. This point in time represents the earliest date from which a restatement is possible. The financial statements are presented in US dollars and all values are rounded to the nearest thousand (US$'000), except when otherwise indicated.

The company has chosen to adapt the formats of the statement of financial position and income statement and has applied the relevant presentation requirements of IAS1 "Presentation of Financial Statements". Comparative financial information has been re-presented where necessary. Re-presentation has not affected the substance of the financial information which remains unchanged.

The Company is a qualifying entity for the purposes of FRS 101. Note 18 gives details of the Company's ultimate parent and from where the consolidated financial statements prepared in accordance with IFRS may be obtained.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

(a) the requirements of paragraphs 10(d), 10(f), 16, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 'Presentation of Financial Statements';
(b) the requirements of IAS 7 'Statement of Cash Flows';
(c) the requirements of paragraph 17 of IAS 24 'Related Party Disclosures';
(d) the requirements in IAS 24 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;
(e) the requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors';
(f) the requirements of IFRS 7 'Financial Instruments: Disclosures';
(g) the requirements of paragraphs 52 and 58 of IFRS 16 'Leases';
(h) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-(f) and 135(c)-(e) of IAS 36 'Impairment of Assets'; and
(i) the requirements of paragraphs 91-99 of IFRS 13 'Fair Value Measurement'.

3. SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATION UNCERTAINTY

Basis of measurement

The financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities to fair value.

Going concern

To conclude on the going concern for the Company, the directors have considered the liquidity and solvency of Ithaca Energy PLC and have considered going concern at the group level.

The Directors consider the preparation of the financial statements on a going concern basis to be appropriate. This is due to the following key factors:

- Strong commodity markets in 2022 - Brent has averaged approximately $100/bbl and NBP has averaged approximately 199p/therm since December 2021;
- Reserved Based Lending ("RBL") liquidity headroom of almost $700 ($450 drawn versus $925 available), plus $210 cash as at 24 March 2023;
- Strong operational performance and well-diversified portfolio which has been strengthed by the acquisitions of Siccar Point Energy and Summit as at 30 June and with Abigail coming online in November 2022.

The directors closely monitor the funding position of the Group throughout the year including monitoring continued compliance with covenants as described in the Groups Annual Accounts, and available facilities to ensure sufficient headroom to fund operations.

Owing to the on-going fluctuations in commodity demand and price volatility, management prepare sensitivity analyses to allow proactive management of business risks including liquidity risk, including the following separate scenarios covering the period through 31 December 2024:

- 10% decrease in production for the years ending 31 December 2023 and 31 December 2024
- average sales price for oil of $70/bbl for 2023 and $62/bbl for 2024 and for gas 103p/therm in 2023 and 103p/therm in 2024
- 10% increase in opex and capex for the calendar years 2023 and 2024

Notes to the financial statements for the year ended 31 December 2020 (continued)

The sensitivites above, when considered on a combined basis, when the Directors consider to represent a reasonable worst case would continue to result in the business being able to meet its obligations as they fall due. The Group would still continue to have sufficient cash headroom through the period to 31 December 2024 ('the going concem period') and stull have the necessary liquidity to continue trading.

Based on their assessment of the Group's financial position to the period 31 December 2024, the company's directors believe that the Group will be able to continue in operational existence for the foreseeable future. As the company are reliant on the settlement of their intercompany debtor position to fund future liabilities, this group assessment provides comfort that these values will be received. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Significant accounting judgements and estimation uncertainties

The management of the Company has to make estimates and judgements when preparing the financial statements of the Company. Uncertainties in the estimates and judgements could have an impact on the carrying amount of assets and liabilities and the Company's results. The most important estimates and judgements in relation thereto are:

Estimates in impairment of oil and gas assets
Determination of whether oil and gas assets have suffered any impairment requires an estimation of the fair value less costs to dispose of the CGU to which oil and gas assets have been allocated. The calculation requires the Company to estimate the future cash flows expected to arise from the CGU using discounted cash flow models comprising asset-by-asset life of field projections. Key assumptions and estimates in the impairment models relate to: commodity prices that are based on internal view of forward curve prices; discount rates derived from the Group's post-tax weighted average cost of capital, commercial reserves and the related cost profiles. As the production and related cash flows can be estimated from the Company's experience, management believes that the estimated cash flows expected to be generated over the life of each field is the appropriate basis upon which to assess individual assets for impairment.

Estimates in oil and gas reserves

The business of the Company is to enhance hydrocarbon recovery and extend the useful lives of mature and underdeveloped assets and associated infrastructure in a profitable and responsible manner. Estimates of oil and gas reserves are used in the calculations for impairment tests and accounting for depletion and decommissioning. Changes in estimates of oil and gas reserves resulting in different future production profiles will affect the discounted cash flows used in impairment testing, the anticipated date of decommissioning and the depletion charges in accordance with the unit of production method.

Determining the fair value of property, plant and equipment on business combinations

The Company determines the fair value of property, plant and equipment acquired in a business combination based on the discounted cash flows at the time of acquisition from the proven and probable reserves. In assessing the discounted cash flows, the estimated future cash flows attributable to the asset are discounted to their present value using a discount rate that reflects the market assessments of the time value of money and the risks specific to the asset at the time of the acquisition. In calculating the asset fair value, the Company will apply an internal view of forward curve prices as per the estimation of impairment of oil and gas assets and goodwill.

Decommissioning provision

Amounts used in recording a provision for decommissioning are estimates based on current legal and constructive requirements and current technology and price levels for the removal of facilities and plugging and abandoning of wells. Due to changes in relation to these items, the future actual cash outflows in relation to decommissioning are likely to differ in practice. To reflect the effects due to changes in legislation, requirements, technology and price levels, the carrying amounts of decommissioning provisions are reviewed on a regular basis. The effects of changes in estimates do not give rise to prior year adjustments and are dealt with prospectively. While the Company uses its best estimates and judgement, actual results could differ from these estimates.

Taxation

The Company's operations are subject to a number of specific tax rules which apply to exploration, development and production. In addition, the tax provision is prepared before the relevant companies have filed their tax returns with the relevant tax authorities and, significantly, before these have been agreed. As a result of these factors, the tax provision process necessarily involves the use of a number of estimates and judgements including those required in calculating the effective tax rate. The Company recognises deferred tax assets on unused tax losses where it is probable that future taxable profits will be available for utilisation. This requires management to make judgements and assumptions regarding the likelihood of future taxable profits and the amount of deferred tax that can be recognised.

Interest in joint operations

Under IFRS 11, joint arrangements are those that convey joint control which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

The Company's interest in joint operations (e.g. exploration and production arrangements) are accounted for by recognising its assets (including its share of assets held jointly), its liabilities (including its share of liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of revenue from the sale of output by the joint operation and its expenses (including its share of any expenses incurred jointly).

Revenue

The sale of crude oil, gas or condensate represents a single performance obligation, being the sale of barrels equivalent on collection of a cargo or on delivery of commodity into an infrastructure. Revenue is accordingly recognised for this performance obligation when control over the corresponding commodity is transferred to the customer. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for products in the normal course of business, net of discounts, customs duties and sales taxes.

Notes to the financial statements for the year ended 31 December 2020 (continued)

Foreign currency translation

Change in functional currency
In accordance with the guidance defined in IAS 21 'The Effects of Change in Foreign Currency Exchange Rates', the financial results for the full year and 2019 comparative have been re-translated to US Dollars.

Having considered relevant factors, the Directors concluded that the functional currency of the Company changed to US dollars with effect from 1 January 2020. This is the currency of the primary economic environment in which the company operates.

Change in presentational currency
From 1 January 2020 the Company also changed its presentation currency to USD. Comparative information has been restated in USD in accordance with the guidance defined in IAS 21. The 2019 financial statements and associated notes have been retranslated from GBP to USD using the procedures outlined below:

- Assets and liabilities were translated into USD at the closing rate of exchange at 31 December 2019
- Trading results were translated into USD using average rate of exchange for the year
- Share capital and other reserves were translated at the historic rates prevailing at the dates of the transactions
- Differences resulting from the re-translation on the opening net liabilities and the result for the year have been taken to a translation reserve

Transactions
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Financial instruments

The Company's financial instruments consist of trade receivables, trade creditors and accrued liabilities. All financial instruments are required to be measured at fair value on initial recognition. Measurement in subsequent periods is dependent on the classification of the respective financial instrument.

Financial instruments are measured at amortised cost using the effective interest method. Trade creditors, accrued liabilities and certain other long-term liabilities classified as other financial liabilities.

Intercompany

Balances with other companies of the Ithaca group are stated gross, unless both the following conditions are met;

- currently there is a legally enforceable right to set off the recognised amounts; and
- there is intent either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Inventories

Inventories of materials and product stock supplies, other than oil and gas stocks, are stated at the lower of cost and net realisable value. Cost is determined on the *first-in, first-out method. Oil and gas stocks are stated at fair value less cost to sell. Line fill and dead stock (stock retained in the storage system) are recorded at* historic cost and shown under non-current assets.

Trade and other receivables

Trade receivables are recognised and carried at the original invoiced amount, less any provision for estimated irrecoverable amounts.

The company applies the IFRS 9 simplified approach to measuring expected credit losses "ECLs" which uses a lifetime expected loss allowance for all trade debtors. 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 considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Notes to the financial statements for the year ended 31 December 2020 (continued)

Provision for expected credit losses of receivables

A high level analysis, which considers both historical and forward looking qualitative and quantitative information is performed by the Company to determine whether the credit risk has significantly increased since the time any intercompany receivable was initially recognised. The Company considers the expected credit losses for the intercompany receivables to be minimal, in view that these related companies have no history of default and there is mechanism in place for the funds to be flowed within the Ithaca group to settle intercompany balances with repayment being made on demand.

Trade and other payables

Trade and other payables are measured at cost.

Property, plant and equipment

Oil and gas expenditure – exploration and evaluation assets

Capitalisation
All such capitalised costs are subject to technical, commercial and management review, as well as review for indicators of impairment in accordance with IFRS 6. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off through the consolidated statement of profit or loss. When proven reserves of oil and/or natural gas are identified and the development is sanctioned, the relevant capitalised expenditure is first assessed for impairment and, if required, an impairment loss is recognised. The remaining balance is then transferred to development and production (D&P) assets. No amortisation is charged during the E&E phase.

Oil and gas expenditure – development and production assets

Capitalisation
Costs of bringing a field into production, including the cost of facilities, wells and sub-sea equipment, are capitalised as a D&P asset. Normally each individual field development will form an individual D&P asset but there may be cases, such as phased developments, or multiple fields around a single production facility when fields are grouped together to form a single D&P asset.

Depreciation
All costs relating to a development are accumulated and not depreciated until the commencement of production. Depreciation is calculated on a unit of production basis based on the proved and probable reserves of the asset. Any re-assessment of reserves affects the depreciation rate prospectively. Significant items of plant and equipment will normally be fully depreciated over the life of the field. However, these items are assessed to consider if their useful lives differ from the expected life of the D&P asset and should this occur a different depreciation rate would be charged.

Impairment
A review is carried out each reporting date for any indication that the carrying value of the Company's D&P assets may be impaired. For D&P assets where there are such indications, an impairment test is carried out on the CGU. Each CGU is identified in accordance with IAS 36. The Company's CGUs are those assets which generate largely independent cash flows and are normally, but not always, single developments or production areas. The impairment test involves comparing the carrying value with the recoverable value of an asset. The recoverable amount of an asset is determined as the higher of its fair value less costs to sell and value in use, where the value in use is determined from estimated future net cash flows. Any additional depreciation resulting from the impairment testing is charged to the income statement.

Maintenance expenditure

Expenditure on major maintenance refits or repairs is capitalised where it enhances the life or performance of an asset above its originally assessed standard of performance; replaces an asset or part of an asset which was separately depreciated and which is then written off, or restores the economic benefits of an asset which has been fully depreciated. All other maintenance expenditure is charged to the income statement as incurred.

Decommissioning liabilities

The Company records the present value of legal obligations associated with the retirement of long-term tangible assets, such as producing well sites and processing plants, in the period in which they are incurred with a corresponding increase in the carrying amount of the related long-term asset. The obligation generally arises when the asset is installed or the ground/environment is disturbed at the field location. In subsequent periods, the asset is adjusted for any changes in the estimated amount or timing of the settlement of the obligations. The carrying amounts of the associated assets are depleted using the unit of production method, in accordance with the depreciation policy for development and production assets. Actual costs to retire tangible assets are deducted from the liability as incurred.

Taxation

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted by the reporting date.

Notes to the financial statements for the year ended 31 December 2020 (continued)

Deferred tax

Deferred tax is recognised for all deductible temporary differences and the carry-forward of unused tax losses. Deferred tax assets and liabilities are measured using enacted or substantively enacted income tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in rates is included in earnings in the period of the enactment date. Deferred tax assets are recorded in the financial statements if realisation is considered more likely than not.

The carrying amount of deferred tax assets is reviewed at each year end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset only when a legally enforceable right of offset exists and the deferred tax assets and liabilities arose in the same tax jurisdiction.

4. REVENUE

	2020 US$'000	Restated* 2019 US$'000
Oil sales	33,628	907,800
Gas sales	-	211,907
NGL sales	-	23,905
Other income	38	20,969
	33,666	1,164,581

Revenues arose wholly in the United Kingdom.

5. COST OF SALES

	2020 US$'000	*Restated** 2019 US$'000
Operating costs	(16,675)	(390,274)
Movement in oil and gas inventory	(2,293)	14,695
Depletion, depreciation and amortisation	(13,553)	(183,660)
	(32,521)	(559,239)

6. ADMINISTRATIVE EXPENSES

	2020 US$'000	Restated* 2019 US$'000
General & administrative	(2,041)	(17,307)

(a) Directors' remuneration

The directors of the Company are employees of Ithaca Energy (UK) Limited and receive remuneration from Ithaca Energy (UK) Limited. The directors do not believe that it is practical to apportion this amount between their services as directors of the Company and their services as directors of Ithaca Energy (UK) Limited for either the current or prior year.

(b) Employees

The Company had no employees in 2020 (2019: 458 average) with all services provided via Ithaca Energy (UK) Limited. 2019 included employee costs and employee numbers employed by a sister Chevron entity, Chevron Energy Limited. During the acquisition of the Chevron entity and associated asset transfers across the group all employee costs were transferred to Ithaca Energy (UK) Limited.

(c) Services provided by the Company's Auditors

	2020 US$'000	Restated* 2019 US$'000
Fees payable for the audit of the Company's financial statements	(53)	(153)

7. FINANCE COSTS

	2020 US$'000	Restated* 2019 US$'000
Accretion	(14,313)	(22,643)
Bank interest	-	(639)
Other	(1,413)	-
	(15,726)	(23,282)

8. INTEREST RECEIVEABLE

Interest receivable from group undertakings	57,157	-

9. INVENTORIES

	2020 US$'000	Restated 2019 US$'000
Crude oil inventory - current	3,862	3,017
Long term inventory	2,825	2,298
	6,687	5,315

Notes to the financial statements for the year ended 31 December 2020 (continued)

10. INTANGIBLE ASSETS

	Exploration and evaluation Oil and Gas assets US$'000
Cost	
At 1 January 2020	7,870
Transfer to PP&E	(7,870)
At 31st December 2020	-
Accumulated amortisation	
At 1 January 2020	(7,408)
Transfer to PP&E	7,408
At 31 December 2020	-
Net book value	
At 31st December 2019	462
At 31st December 2020	-

Costs relating to licence aquisitions have been represented within Exploration asset costs within note 11.

11. PROPERTY, PLANT AND EQUIPMENT

	Long Leasehold Property US$'000	Development & Production Oil and Gas assets US$'000	Other fixed assets US$'000	Exploration assets US$'000	Total US$'000
Cost					
At 1 January 2020	16,789	694,726	19,718	1,207	732,440
Additions	-	16,155	6,934	7,868	30,957
Transfer from intangible assets		-		7,870	7,870
Disposals	(16,789)	-	(26,652)	-	(43,441)
At 31 December 2020	-	710,881	-	16,945	727,826
DD&A & Impairment					
At 1 January 2020	(13,903)	(637,856)	(16,964)	-	(668,723)
Charge for the year	-	(13,553)	-	-	(13,553)
Transfer from intangible assets	-	-		(7,408)	(7,408)
Impairment	-	(4,590)	-	-	(4,590)
Disposals	13,903	-	16,964	-	30,867
At 31 December 2020	-	(655,999)	-	(7,408)	(663,407)
NBV at 31 December 2019	2,886	56,870	2,754	1,207	63,717
NBV at 31 December 2020	-	**54,882**	-	**9,537**	**64,419**

For impairment of property, plant and equipment and intangible oil and gas assets, fair value less costs of disposal are determined by discounting the post-tax cash flows expected to be generated from oil and gas production net of selling costs taking into account assumptions that market participants would typically use in estimating fair values.

The following assumptions were used in developing the cash flow model and applied over the expected life of the respective fields:

	Discount rate assumption	Price assumptions 2021	2022	2023	2024	2025
Oil	9.75%	$52/bbl	$57/bbl	$61/bbl	$65/bbl	$68/bbl

For impairment of property, plant and equipment and intangible oil and gas assets, fair value less costs of disposal are determined by discounting the post-tax cash flows expected to be generated from oil and gas production net of selling costs taking into account assumptions that market participants would typically use in estimating fair values.

During 2020, the Company recorded a $4.6 million pre-tax impairment charge (2019: $0 million expense) relating to D&P assets. This was driven by the fall in oil and gas forward curves which resulted in a full review across the existing Ithaca portfolio.

Notes to the financial statements for the year ended 31 December 2020 (continued)

12. DECOMMISSIONING LIABILITIES

	2020	Restated* 2019
	US$'000	US$'000
Balance, as at 1 January	(354,145)	(946,849)
Transfer of decommissioning liabilites from other group entites	(54,821)	621,266
Accretion	(14,314)	(42,689)
Revision to estimates	(66,998)	14,127
Decommissioning provision utilised	10,472	-
Balance, as at 31 December	(479,806)	(354,145)

The total future decommissioning liability was calculated by management based on its net ownership interest in all wells and facilities, estimated costs to reclaim and abandon wells and facilities and the estimated timing of the costs to be incurred in future periods. The decommissioning liability is re-measured each year using a pre-tax discount rate of 3.0 percent (2019: 4.0 percent) and an inflation rate of 2.0 percent (2019: 2.0 percent) over the varying lives of the assets to calculate the present value of the decommissioning liabilities. These costs are expected to be incurred at various intervals over the next 14 years.

Revisions are the result of changes in estimates as well as timing and discount rate changes. Transfers include the decommissioning liabilities of the Conrie, West Don and Don South West assets.

The economic life and the timing of the obligations are dependent on Government legislation, commodity price and the future production profiles of the respective production and development facilities.

13. TRADE AND OTHER RECEIVABLES

	2020	Restated* 2019
Debtors due within one year	US$'000	US$'000
Trade debtors	17,536	-
Other debtors	-	27,257
Prepayments and accrued income	8,943	583
	26,479	27,840
Debtors falling due after more than one year		
Amounts owed by group undertakings	2,492,160	2,447,028
	2,492,160	2,447,028

On the 17th December the assets acquired as part of the CNSL transaction were transferred across the wider Ithaca portfolio from IOGL, the purchased company. The legal agreements dictating the assets should be sold at Market Value. And the consideration owed to IOGL should be interest baring at a rate of LIBOR + 3% Margin. Amounts owed by group undertakings relate to the purchase of CNSL and resulting asset transfers across the group entities. Interest of $57.1m was receivable in the year.

The Company regularly monitors all customer receivable balances outstanding in excess of 90 days for ECLs. As at 31 December 2020, substantially all accounts receivables are current, being defined as due in less than 90 days. The long term loan notes relate relate to intercompany asset transfers which are supported by the Group structure with no concern over going concern as a whole. The Company has no allowance for doubtful accounts as at 31 December 2020 (31 December 2019: $Nil).

14. CURRENT LIABILITIES

	2020	Restated* 2019
	US$'000	US$'000
Trade creditors	(7,264)	(9,811)
Accruals and deferred income	(10,493)	(9,809)
Other payables including taxation and social security	(11,326)	(77,122)
Short term decommissioning provision	-	(12,067)
	(29,083)	(108,809)

Notes to the financial statements for the year ended 31 December 2020 (continued)

15. OTHER LONG-TERM LIABILITIES

	2020 US$'000	Restated* 2019 US$'000
Contingent consideration	(2,350)	-
Other creditors	-	(10,679)
	(2,350)	(10,679)

The contingent consideration relates to the Yeoman exploration asset.

16. CALLED UP SHARE CAPITAL

Authorised share capital	No. of ordinary shares	Amount US$'000
At 1 January 2019, 31 December 2019 & 31 December 2020	221,000,000	485,497

(a) Issued

The issued share capital is as follows:

Issued *Ordinary shares of £1*	Number of common shares	Amount US$'000
At 1 January 2019, 31 December 2019 & 31 December 2020	221,000,000	485,497

17. TAXATION

	2020 US$000	Restated* 2019 US$000
Current tax:		
Current period	-	221,619
Adjustments in respect of previous periods	-	2,405
Deferred tax		
Relating to the origination and reversal of temporary differences	(36,322)	(239,141)
Adjustments in respect of prior years	2,620	(1,777)
Tax on profit on ordinary activities	(33,702)	(16,894)

The tax on profit differs from the theoretical amount that would arise using the effective rate of tax applicable for UK ring fence oil and gas activities as follows:

	2020 US$000	Restated* 2019 US$000
Profit on ordinary activities before taxation	25,566	1,688,080
Profit at applicable UK tax rate of 40% (2019: 40%)	10,227	675,232
Non deductible expenses / (non taxable income)	-	(2,997)
Financing costs not allowed for SCT	140	-
Items not subject to tax	-	(660,518)
Prior period adjustment deferred tax	2,620	(1,777)
Prior period corporation tax and supplementary charge	-	2,405
Investment allowance	-	(28,080)
Petroleum revenue tax	202	-
Non ring fenced items credit	(10,903)	(1,159)
Revised decom estimated for retained liability	(21,952)	-
Group relief	(9,864)	-
Disposals	(4,172)	-
Total tax credit	(33,702)	(16,894)

The effective rate of tax applicable for UK ring fenced oil and gas activities in 2020 was 40% (2019: 40%) consisting of a corporation tax rate of 30% and supplementary charge rate of 10%.

The gross movement on the deferred tax account is as follows:	2020 US$000	Restated* 2019 US$000
At 1 January	114,230	(704,164)
Income statement credit	33,702	240,918
Transfer to connected party	22,786	579,235
Foreign exchange	-	(1,759)
At 31 December	170,718	114,230

Notes to the financial statements for the year ended 31 December 2020 (continued)

The provision for deferred tax consists of the following deferred tax / (liabilities) assets. The timing difference on Small Field Allowance is included in accelerated capital allowances.

	Accelerated Capital Allowances $'000	Tax losses $'000	Decom Provision $'000	Other $'000	Total $'000
At 1 January 2020	(25,475)	-	143,471	(3,766)	114,230
Prior period adjustment	(95)	-	(2,525)	-	(2,620)
Credit to income statement	1,966	5,307	29,048	-	36,321
Transfer to connected party	858	-	21,928	-	22,786
	(22,746)	**5,307**	**191,922**	**(3,766)**	**170,717**

Deferred income tax assets are recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available in the future against which the unused tax losses/credits can be utilised.

The UK related non-capital losses do not expire under UK tax legislation and may be carried forward indefinitely.

An Energy Profits Levy ("EPL" or "the Levy") was enacted on 14th July 2022 applying a Levy of 25% to the profits of oil and gas companies until 31 December 2025. The Chancellor's Autumn statement subsequently determined that the rate would increase to 35% from 1st January 2023 and would be extended until 31st March 2028 with no removal if there is a return of prices to normalised levels. The Levy is charged upon oil and gas profits calculated on the same basis as Ring Fence Corporation Tax ("RFCT") however excludes relief for decommissioning and finance costs. RFCT losses and Investment Allowance are not available to offset the EPL. The impact of the Levy would be to increase the deferred tax liability by $11.6m.

Notes to the financial statements for the year ended 31 December 2020 (continued)

18. COMMITMENTS

Capital commitments related to joint operations	**2020 US$'000**	Restated* 2019 US$'000
Capital commitments incurred jointly with other venturers (Company's share)	**4,584**	4,591

19. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is Ithaca Energy (UK) Limited.

The ultimate parent undertaking is Delek Group Limited, an independent E&P company listed on the Tel Aviv Stock Exchange and the ultimate controlling party is Yitzhak Tshuva.

The smallest group for which consolidated financial statements are prepared which include Ithaca Oil and Gas Limited is that of Ithaca Energy Limited (now known as Ithac Energy plc). A copy of these financial statements can be obtained from 47 Esplanade, St Helier, Jersey, JE1 0BD. The largest group for which consolidated financial statements are prepared is that of Delek Group Limited. A copy of these financial statements can be obtained from 19 Abba Eban Boulevard, POB 2054, Herzlia, 4612001, Israel.

20. POST-BALANCE SHEET EVENTS

On 30 November 2021 the Group completed the acquisition of an additional 13.3% interest in the Alba field from Mitsui E&P UK Limited. The acquisition comprised property, plant and equipment of $11m, a working capital creditor of $11 million and a decommissioning provision of $55m. This resulted in a reverse consideration being paid to the Group and, as such the consideration owed from Mitsui to the Group was $55m.

On 27 February 2022, a conflict broke out between Russia and Ukraine. Following this, numerous governments around the world have implemented sanctions against Russia and Belarus. The Directors have considered the implications of the ongoing conflict on key assumptions and judgments. This consideration has been made on the recognition and measurement of accounting estimates and the related financial statements disclosure. The assessment included specific review of the supply chain; funding sources; customer; credit risk; cyber security; shareholders; and register of bondholders.

An Energy Profits Levy ("EPL" or "Levy") was introduced on 26 May 2022 applying a Levy of 25% to the profits of oil and gas companies until 31 December 2025. On 17 November the rate of the Levy was increased to 35% and extended to 31 March 2028. The Levy is charged upon oil and gas profits calculated on the same basis as Ring Fence Corporation Tax ("RFCT") however excludes relief for decommissioning and finance costs. RFCT losses and Investment Allowance are not available to offset the EPL.