ENI BBI LIMITED

DIRECTORS' REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2008

Registered Number: 2556415

ENI BBI LIMITED

DIRECTORS AND REGISTERED OFFICE

BOARD OF DIRECTORS

L Lusuriello
M Talamonti
J Michell

SECRETARY AND REGISTERED OFFICE

F Dal Bello
Eni House
10 Ebury Bridge Road
LONDON SW1W 8PZ

AUDITORS

PricewaterhouseCoopers LLP
32 Albyn Place
ABERDEEN AB10 1YL

REGISTERED IN ENGLAND NO: 2556415

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the company for the year ended 31 December 2008.

Principal activity

The company has interests in a number of onshore US production leases.

The operational performance of the company during the year was satisfactory and management anticipates that this will continue to be the status in the coming year.

Results for the year

The results for the year are set out on page 6 of the financial statements. A profit after tax for the year ended 31 December 2008 of £301,000 was transferred to reserves (2007 profit after tax - £51,000 was transferred to reserves).

Dividends

The directors do not recommend the payment of a dividend (2007 - £nil).

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks.

The directors manage these risks at a group level in conjunction with the ultimate UK parent company, Eni UK Limited. For this reason, the directors believe that a discussion of the company's risks would not be appropriate for an understanding of the development, performance or position of its business. The principal risks and uncertainties of the ultimate parent company and its subsidiaries, including those of the company, are discussed in the directors' report of Eni S.p.A.

Key performance indicators

Key Performance Indicators are established each year in a business plan which covers a number of strategic, operational, HSE and finance objectives for the operations of the Eni Group in the United Kingdom. The business plan is approved at Eni Group level, and Key Performance Indicators of the Eni Group are disclosed in the Group annual report, which is publicly available.

Supplier payment policy

It is the policy of the company to make payment to suppliers within thirty days of receipt of invoice and to:

- agree the terms of payment at the start of business with that supplier
- ensure that suppliers are aware of the terms of payment
- and pay in accordance with its contractual and other legal obligations

In the view of the directors, payments during the year have been made in accordance with this policy

Directors

The present directors of the company are listed on page 1 and have held office throughout the year.

DIRECTORS' REPORT

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to 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 those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State that the financial statements comply with IFRSs as adopted by the European Union;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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 1985. 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.

Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Elective Regime

An elective resolution to dispense with the obligation to appoint auditors on an annual basis pursuant to Section 386 of the Companies Act 1985 (as amended) was passed on 28 October 2003 and as this election was in force before 1 October 2007, under the Companies Act 2006 PricewaterhouseCoopers LLP is deemed reappointed as the company's auditors for the next financial year.

In addition, the company dispensed with the requirement to hold Annual General Meetings or to lay accounts before the company in General Meeting pursuant to Sections 366A and 252 of the Companies Act 1985 (as amended) respectively. Although these sections were repealed under the Companies Act 2006 from 1 October 2007, the provisions of the company prior to this date are not affected.

By order of the Board

F. Dal Bello
Secretary

03 March 2009

Independent auditors' report to the members of Eni BBI Limited

We have audited the financial statements of Eni BBI Limited for the year ended 31 December 2008 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Change in Shareholder's Equity and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 31 December 2008 and of its profit and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Aberdeen
03 March 2009

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2007 £'000	2008 £'000
Other income	3	156	**156**
Total revenue		156	**156**
Foreign exchange gains/(losses)	4	(6)	**230**
Other expenses	5	(99)	**(85)**
Operating income		51	**301**
Taxation	6	-	**-**
Profit for the year		51	**301**

The current and prior year results have been derived solely from continuing operations.

ENI BBI LIMITED

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2008

	Share Capital £'000	*Retained Deficit £'000*	*Shareholders' Total Equity £'000*
Balance at 1 January 2007 brought forward	1,200	(708)	492
Profit for the year	-	51	51
Balance at 31 December 2007	1,200	(657)	543
Profit for the year	-	301	301
Balance at 31 December 2008	**1,200**	**(356)**	**844**

BALANCE SHEET
AS AT 31 DECEMBER 2008

Assets	*Notes*	2007 £'000	**2008 £'000**
Current assets			
Cash and cash equivalents	*7*	580	**911**
Total asset		580	**911**
Liabilities			
Current liabilities			
Amounts due to group companies	*8*	37	**67**
Total liabilities		37	**67**
Shareholders' equity			
Ordinary shares	*9*	1,200	**1,200**
Retained deficit	*10*	(657)	**(356)**
Total shareholders' equity fund		543	**844**
Total shareholders' equity and liability		580	**911**

The financial statements from page 6 to14 were approved by the Board on 03 March 2009.

On behalf of the Board

M Talamonti
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2007 £ '000	**2008 £ '000**
Cash flow from operating activities			
Net profit		51	**301**
Adjustments for:			
Decrease in trade & other receivables		30	**-**
Increase/(Decrease) in payables		(21)	**30**
Cash generated from continuing operations		60	**331**
Net increase in cash and cash equivalents		60	**331**
Cash and cash equivalents at 1 January		520	**580**
Cash and cash equivalents at 31 December	7	580	**911**

STATEMENT OF ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below:

General Information

The company is a limited liability company incorporated and domiciled in the UK.

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRIC Interpretations endorsed by the European Union (EU) and with those parts of the Companies Act 1985, applicable to companies reporting under IFRS. The financial statements have been prepared under the historic cost convention.

The parent company, Eni UK Limited, has agreed to provide financial assistance to the company should it be required in the future.

- **Standards, amendments and interpretations effective in 2008 but not relevant**

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2008 but they are not relevant to the company's operations:

- IFRIC 12, 'Service concession arrangements';
- IFRIC 13, 'Customer Loyalty programmes';
- IFRIC 14, 'IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction';
- IFRIC 11, 'Group and treasury Share-based payments'.

- **Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the company**

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the company's accounting periods beginning on or after 1 January 2009 or later periods, but the company has not early adopted them:

- IAS 23 (Amendment), 'Borrowing costs' - This amendment will not have any impact on the financial statements;
- IAS 1, 'Presentation of financial statements' - Management is assessing the affects of the revised disclosure requirements of this standard; although no material impact on the financial statements is anticipated;
- IAS 27, 'Consolidated and separate financial statements' - This standard is still subject to endorsement by the EU. There is no anticipated impact on the Group financial statements of this amendment.

- **Standards, amendments and interpretations to existing standards that are not yet effective and not relevant for the company's operations**

The interpretations to existing standards have been published and are mandatory for the company's accounting periods beginning on or after 1 January 2009 or later periods, but they are not relevant for the company's operations:

- IFRS 8, 'Operating segments';
- IFRS 2, 'Amendment vesting conditions/cancellations';
- Amendment to IFRS 1*, 'First time adoption of IFRS' and IAS 27*, 'Consolidated and separate financial statements'
- IAS 32, 'Amendment puttable financial instruments';
- IFRS 3*, 'Business combinations'.

* Not yet endorsed by the EU

Loans and receivables

Long term loans and receivables are carried at amortised cost in accordance with IAS 39.

Taxation

The tax expense represents the tax currently payable. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Foreign currencies

Items included in the financial statements of each of the company are measured using the primary economic environment in which the entity operates – US Dollars. The financial statements are presented in GBP.

Transactions denominated in a foreign currency are converted to sterling at rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies have been translated at the rates ruling at the balance sheet date. The resulting exchange gains or losses are dealt with through the profit and loss account.

Revenue recognition

Revenue is recognised when the amount can be reliably measured, and it is probable that future economic benefits will flow to the company.

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

1 Parent undertakings

The company's immediate parent undertaking is Eni UK Limited.

The company's ultimate parent undertaking, Eni S.p.A. a company incorporated in Italy, will produce consolidated financial statements for the year ended 31 December 2008 which will be available from Eni S.p.A. - Exploration & Production Division, Direzioni e Uffici, Via Emilia 1, 20097, San Donato Milanese, PO Box 12069, (20100) Milano.

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

2 Directors and employees

None of the directors received any emoluments in respect of their services to the company during the year (2007 - £nil) and the company had no employees (2007 – none).

3 Other income

	2007 £ '000	**2008** **£ '000**
Third parties	156	**156**

4 Foreign exchange gains/(losses)

	2007 £ '000	**2008** **£ '000**
Foreign exchange losses		
Third parties	(6)	**(20)**
Foreign exchange gains		
Third parties	-	**250**
	(6)	**230**

5 Other expenses

	2007 £ '000	**2008** **£ '000**
Third parties	99	**85**

This year and last year's auditors' remuneration was borne by Eni UK Limited. For the purpose of disclosure, a fair allocation of the audit fee to the company would be £462 (2007 - £ 462).

6 Taxation

The tax effect of the profit at the standard rate of corporation tax in the UK of 28.5% (2007 - 30%) is explained below:

	2007 £'000	**2008 £'000**
Profit before taxation	51	**301**
Taxation on profit @ 28.5% (30% 2007)	15	**86**
Utilisation of tax loss brought forward	-	-
Group relief claimed for no consideration	(15)	**(86)**
Total tax charge for the period	-	-

Other group companies have agreed to surrender, for no consideration, taxation losses under Section 402 Taxes Act 1988, sufficient to cover any UK taxable profits of the company for the year.

7 Cash and cash equivalents

	2007 £ '000	**2008 £ '000**
Third parties	580	**911**

8 Amounts due to group companies

	2007 £ '000	**2008 £ '000**
Eni Australia Limited	37	**67**

9 Share capital

	Authorised		Allotted, called up and fully paid	
	2007 Number	**2008 Number**	2007 £ '000	**2008 £ '000**
Ordinary shares of £1 each	5,000,000	**5,000,000**	1,200	**1,200**

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for the shareholder and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to its shareholder.

The company regularly reviews its capital structure on the basis of its expected capital requirements in order to achieve the defined strategic objectives and manages its capital accordingly.

The company's capital structure fully satisfies its capital requirements and has no necessity or intention of altering the current position.

10 Retained deficit

	2007 £ '000	**2008 £ '000**
At 1 January	(708)	**(657)**
Profit for the year	51	**301**
At 31 December 2008	(657)	**(356)**