

ENI COTE D'IVOIRE LIMITED

ANNUAL REPORT  
AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2019

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

Registered Number: 02556415



**ENI COTE D'IVOIRE LIMITED**  
**DIRECTORS AND REGISTERED OFFICE**

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**BOARD OF DIRECTORS**

M Giusto  
T Doniselli  
M Trezza  
S Laura

**SECRETARY AND REGISTERED OFFICE**

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

**INDEPENDENT AUDITORS**

PricewaterhouseCoopers LLP  
The Capitol  
431 Union Street  
Aberdeen  
AB11 6DA

**REGISTERED IN ENGLAND NO: 02556415**

## **ENI COTE D'IVOIRE LIMITED**

### **DIRECTORS' REPORT**

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The directors present their report and the audited financial statements of Eni Cote d'Ivoire Limited (the company) for the year ended 31 December 2019.

#### **Principal activities**

The company is engaged in the exploration of oil and gas in the Republic of Ivory Coast, where it operates through a branch.

#### **Results and dividends**

The results for the year are set out on page 7 of the financial statements. There was a loss for the financial year to 31 December 2019 of \$12,564,000 (2018 - loss of \$20,180,000) transferred to reserves. No dividend was recommended by the directors and paid during 2019 (2018: \$nil).

#### **Business review and future developments**

The company continues its activities of exploration of oil and gas reserves in its 30% participating interest in Block CI-100, located offshore in the Republic of Ivory Coast. The company continues to hold Production Sharing Agreements in respect of Blocks CI-101, CI-205, located in the eastern part of the deep waters of Tano Basin, with the state-owned company Petroci with Eni Cote d'Ivoire acting as operator holding 90% participating interest.

The company has signed the contracts for two new exploration blocks in the eastern part of the sedimentary basin offshore Ivory Coast. The blocks were part of the 20 blocks available at the end of 2018.

The two blocks, CI-501 and CI-504, are located at about 30 km from the coastline and cover a total area of about 911 square km. Block CI-501 (512 square km) is located 80 km south-west of the capital Abidjan at between 100 and 2,400 m of water depth, while block CI-504 (399 square km) is about 60 km south-west of the capital and at between 1,000 and 2,350 m of water depth.

Eni Cote d'Ivoire is the operator in both blocks with a 90% stake, while the state company Petroci holds the remaining 10%. The two blocks are adjacent to the north of Block CI-205, already operated by Eni Cote d'Ivoire (Eni Cote d'Ivoire 90%, Petroci 10%). Due to their geological continuity, the blocks will be studied in synergy, utilizing Eni's proprietary technologies, with cost optimization and facilitating time-to-market in the event of a petroleum discovery and commercial development.

Eni has returned to Ivory Coast in 2015, by acquiring 30% of the exploration block CI-100. The company currently detains 5 deep water blocks, 4 of which are operated through its subsidiary Eni Côte d'Ivoire Limited. Eni had been active in Ivory Coast's upstream and downstream sectors in the 60s and 80s.

During the year the company incurred \$6,163,000 (2018 - \$16,430,000) of exploration and drilling costs related to the Blocks.

On 30 September 2019 the company's entire share capital was sold from Eni UK Limited to its affiliate Eni Lasmo plc. Subsequent to the transfer, Eni Lasmo plc made a capital contribution of \$68,000,000.

Any future funding requirements will be made available from its parent company, Eni Lasmo plc.

#### **Directors**

The present directors of the company are listed on page 1 and have held office throughout the year, except for the following:

F Rinaldi resigned as a director on 18 November 2019

M Giusto was appointed as a director on 18 November 2019

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

## ENI COTE D'IVOIRE LIMITED

### DIRECTORS' REPORT

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#### Principal risks and uncertainties

The company aims to mitigate risks and manage and control risk exposure where possible. The principal risks and uncertainties to the company are:

##### *Financial risk management*

**Liquidity risk:** The risk that suitable sources of funding for the company's business activities may not be available. The company has access to a wide range of funding at competitive rates through the capital markets and banks, and also has support from the ultimate parent company, Eni S.p.A. if required. The company believes it has access to sufficient funding to meet currently foreseeable borrowing requirements.

**Credit risk:** The potential exposure of the company to loss in the event of non-performance by counterparty. The company follows guidelines of the Eni S.p.A treasury department on the choice of highly credit-rated counterparties in its use of financial instruments.

**Foreign exchange rate risk:** The company is exposed to foreign exchange fluctuations relating to non-USD (mainly GBP) expenditures and receipts. Effective management of exchange rate risk is performed at the Eni Group level, within the central finance department which matches opposite positions of the group operating subsidiaries and hedges net positions using derivatives (such as currency swaps, forwards and options).

**Interest rate risk:** The company is not exposed to significant interest rate risks.

##### *Business risk management*

**Operational risk:** The company's activities present industrial and environmental risks and are therefore subject to extensive government regulations concerning environmental protection and industrial security. The broad scope of these activities involves a wide range of operational risks such as those of explosion, fire or leakage of toxic products, and production of non-biodegradable waste. Since exploration and production activities may take place on sites that are ecologically sensitive, each site requires a specific approach to minimise the impact on the related ecosystem, biodiversity and human health.

#### Post balance sheet events

The emergence and spread of the virus Covid-19 in early 2020 has affected business and economic activities in China and around the world, including UK. The subsequent rapid spread to a growing number of countries around the world triggered a profound correction in the prices of oil and other energy commodities due to the sudden drop in consumption because of increasingly stringent measures adopted by governments to contain the epidemic with serious repercussions on production. In early April, the members of the OPEC + cartel reached an agreement on production cuts required by some of them to react to the effects of Covid-19, however, oil and gas prices continue to be under significant pressure of over-supply and other factors.

The short-term trend in oil and gas prices will depend predominantly on the timing of containment of the spread of the pandemic and as well as the ways in which the crisis will be managed. In a possible worst-case scenario, the pandemic could cause a global recession with significant negative consequences on hydrocarbon demand and commodity prices. This development would have significant effects on the company's results, cash flow, liquidity and business prospects, including the returns for the shareholder. However, Eni group and the company maintain a high degree of financial flexibility in order to deal with unforeseen events and significant reductions in oil and gas prices and demand, which the directors consider to be sufficient to mitigate the impact of such a worst-case scenario.

Eni group and the company are continually monitoring developments in the Oil & Gas sector related to Covid-19 and market conditions.

## **ENI COTE D'IVOIRE LIMITED**

### **DIRECTORS' REPORT**

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#### **Post balance sheet events (continued)**

The company has implemented a number of actions to ensure the safety and health of its people and contractors, and with the contributions of the operators when applicable, also the ability to continue its activities. The company is working to contain its general and administration costs, cut or delay investments in activities, which were not critical or mandatory and also suspend or defer expenditures for projects that became presently uneconomical and is also supporting the operators to pursue the same actions, when applicable.

#### **Going concern**

During the year, the new parent company Eni Lasmo plc, made a capital contribution of \$68,000,000. At 31 December 2019, the net equity of the company amounts to \$4,727,000 (2018: net liability of \$50,709,000).

As a consequence, the directors are satisfied that the company has adequate internal resources as well as support from its parent company, Eni Lasmo Plc, which has also confirmed it will provide the necessary financial support to the company for the foreseeable future, being not less than twelve months from the signing of these financial statements. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

#### **Statement of directors' responsibilities in respect of the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

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

The directors are 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.

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.

#### **Strategic report**

The company has taken advantage of the small companies exemption from the requirement to prepare a strategic report.

## ENI COTE D'IVOIRE LIMITED

### DIRECTORS' REPORT

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#### Provision of information to the auditors

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

#### Auditors

Due to the Eni Group policy of rotating auditors every nine years, Ernst & Young LLP were not re-appointed by the Company. Following a formal tender process by the Eni Group, PricewaterhouseCoopers Italy were selected as their replacement in Italy and as group auditors. PricewaterhouseCoopers LLP indicated their willingness to act as auditors of the Company for the year ended 31 December 2019 and their appointment was approved at a directors' meeting and general meeting. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

By order of the Board

*Riordan D'Abreo*

Riordan D'Abreo (Jul 3, 2020 11:44 GMT+1)

R D'Abreo  
Secretary  
3 July 2020

## ***Independent auditors' report to the members of Eni Cote d'Ivoire Limited***

### **Report on the audit of the financial statements**

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#### **Opinion**

In our opinion, Eni Cote d'Ivoire Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2019; the statement of comprehensive income, and the statement of changes in equity for the year then ended; the statement of accounting policies; and the notes to the financial statements.

#### **Basis for opinion**

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

#### **Independence**

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

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

#### **Reporting on other information**

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

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

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

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

# ENI COTE D'IVOIRE LIMITED

## INDEPENDENT AUDITORS' REPORT

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### *Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

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### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the directors for the financial statements*

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

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

#### *Auditors' responsibilities for the audit of the financial statements*

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

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

#### *Use of this report*

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

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## **Other required reporting**

### **Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.

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### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Kevin Reynard (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Aberdeen  
3 July 2020



**ENI COTE D'IVOIRE LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR YEAR ENDED 31 DECEMBER 2019**

		<b>2019</b>	<b>2018</b>
		<b>\$'000</b>	<b>\$'000</b>
	Notes		
Other service costs and expenses	3	(9,853)	(18,639)
Labour costs	2	(640)	(88)
<b>Operating loss</b>		<b>(10,493)</b>	<b>(18,727)</b>
Interest payable and similar expenses	4	(2,071)	(1,453)
<b>Loss before taxation</b>		<b>(12,564)</b>	<b>(20,180)</b>
Tax on loss		-	-
<b>Loss for the financial year</b>		<b>(12,564)</b>	<b>(20,180)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss for the year</b>		<b>(12,564)</b>	<b>(20,180)</b>

All results are from continuing operations and total comprehensive loss is attributable to the equity holders.

**ENI COTE D'IVOIRE LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR YEAR ENDED 31 DECEMBER 2019**

	Share Capital \$'000	Capital Contribution Reserve \$'000	Currency Translation Adjustment \$'000	Accumulated losses \$'000	Shareholders' Equity / (Deficit) \$'000
Balance at 1 January 2018	-	-	70	(30,599)	(30,529)
Loss for the financial year	-	-	-	(20,180)	(20,180)
Balance at 31 December 2018	-	-	70	(50,779)	(50,709)
Capital contribution	-	68,000	-	-	68,000
Loss for the financial year	-	-	-	(12,564)	(12,564)
<b>Balance at 31 December 2019</b>	<b>-</b>	<b>68,000</b>	<b>70</b>	<b>(63,343)</b>	<b>4,727</b>

**ENI COTE D'IVOIRE LIMITED**  
**(REGISTERED NUMBER 02556415)**  
**BALANCE SHEET**  
**AS AT 31 DECEMBER 2019**

<b>Assets</b>	<b>Notes</b>	<b>2019 \$'000</b>	<b>2018 \$'000</b>
<b>Current assets</b>			
Trade and other receivables	10	625	69
Cash and cash equivalents	6	2,508	602
		<u>3,133</u>	<u>671</u>
<b>Non-current assets</b>			
Intangible assets	7	7,000	5,794
Right of use assets	8	187	-
Tangible assets	9	332	-
		<u>7,519</u>	<u>5,794</u>
<b>Total assets</b>		<u>10,652</u>	<u>6,465</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	2,347	6,574
Financial liabilities	12	3,400	50,600
		<u>5,747</u>	<u>57,174</u>
<b>Non-current liability</b>			
Lease liabilities long term	8	178	-
<b>Total liabilities</b>		<u>5,925</u>	<u>57,174</u>
<b>Shareholders' equity</b>			
Share capital	13	-	-
Capital contribution reserve		68,000	-
Currency translation adjustment		70	70
Accumulated losses		(63,343)	(50,779)
<b>Total shareholders' equity/(deficit)</b>		<u>4,727</u>	<u>(50,709)</u>
<b>Total liabilities and shareholders' equity/(deficit)</b>		<u>10,652</u>	<u>6,465</u>

The financial statements from page 8 to 22 were approved by the Board on 2 March 2020 and were signed by an authorised director on behalf of the Board, at a later date.

On behalf of the Board

M. Giusto  
Manfredi Giusto (Jul 3, 2020 16:12 GMT+1)

M Giusto  
Director  
3 July 2020

## ENI COTE D'IVOIRE LIMITED

### STATEMENT OF ACCOUNTING POLICIES

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A summary of the principal accounting policies which have been applied throughout the year is set out below:

#### General information

The company is a limited liability company, by shares, incorporated and domiciled in the United Kingdom. The registered office is disclosed on page 1.

#### Basis of preparation

These financial statements were prepared in accordance with the Companies Act 2006, UK GAAP, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention. The accounting policies have been applied consistently, other than where new policies have been adopted due to the changes in accounting standards.

During the year, the new parent company Eni Lasmo plc, made a capital contribution of \$68,000,000. At 31 December 2019, the net equity of the company amounts to \$4,727,000 (2018: net liability of \$50,709,000). As a consequence, the directors are satisfied that the company has adequate internal resources as well as support from its parent company, Eni Lasmo Plc, which has also confirmed it will provide the necessary financial support to the company for the foreseeable future, being not less than twelve months from the signing of these financial statements. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

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

- (a) the requirements of IFRS 7 Financial Instruments: Disclosures;
- (b) the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 11 and 134-136 of IAS 1 Presentation of Financial Statements;
- (c) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1;
  - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
  - (iii) paragraph 118(e) of IAS 38 Intangible Assets.
- (d) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135c-135e of IAS 36, Impairment of Assets;
- (e) the requirements of IAS 7 Statement of Cash Flows;
- (f) the requirements of paragraph 91 – 99 of IFRS 13 Fair Value Measurement;
- (g) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors in relation to standards not yet effective;
- (h) the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures; and
- (i) the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

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

## ENI COTE D'IVOIRE LIMITED

### STATEMENT OF ACCOUNTING POLICIES

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#### Adoption of new and revised standards

The company applied for the first time standards, amendments and interpretations to existing standards, issued by the International Accounting Standards Board (IASB) and endorsed by the EU, which are relevant to the company and are effective for the annual accounting periods beginning on or after 1 January 2019. The company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and effect of the changes as a result of adoption of IFRS 16 are described below.

#### *IFRS 16 Leases*

The company had to change its accounting policies as a result of adopting IFRS 16. The company elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 January 2019. It has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of IFRS 16, the company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019.

In applying IFRS 16 for the first time, the company has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

The company had no lease commitments at the start of the financial year.

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the statement of financial position at the date of initial application is 2.66%

Other amendments and interpretations apply for the first time in 2019, but do not have an impact on the financial statements of the company.

#### Intangible assets

##### *(i) Exploration and appraisal costs*

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

## ENI COTE D'IVOIRE LIMITED

### STATEMENT OF ACCOUNTING POLICIES

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#### Intangible assets (continued)

In the period after a decision has been made to exploit a find but before field development programme approval has been granted, any pre-development costs that are incurred are also capitalised and carried forward. When field development programme approval is granted, the exploration and pre-development costs of that field are first assessed for impairment and (if required) any impairment loss is recognised, then the remaining balance is reclassified as property, plant and equipment. Exploration wells that are being drilled at the yearend are included in intangible assets as exploration and appraisal costs until the results of the drilling are determined.

Exploration costs written off during the year are presented in depreciation, amortisation and impairments in the statement of comprehensive income.

#### (ii) *Exploration rights*

Exploration rights paid in connection with a right to explore (or their extension) in an exploration area are capitalised as intangible assets pending determination of whether the exploration and appraisal activities in the reference areas are successful or not.

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

In the event of a discovery of proved reserves (i.e. upon recognition of proved reserves and internal approval for development), the entire balance of the related exploration rights, initially recognised as unproved, is transferred to "proved exploration rights" in intangible assets. From the commencement of production, proved exploration rights are amortised according to the unit of production method (UoP) over total proved reserves.

#### (iii) *Licence costs*

Licence costs paid in connection with a right to explore in an existing exploration area are capitalised as intangible assets. When there is a change in the estimated total recoverable proved developed reserves of a field, the undepreciated cost is written off over the revised remaining reserves.

Licence costs are reviewed at each reporting date to confirm that there is no indication that the carrying amount exceeds the recoverable amount. This review includes confirming that exploration drilling is still under way or firmly planned, or that it has been determined, or work is under way to determine that the discovery is economically viable based on a range of technical and commercial considerations and that sufficient progress is being made on establishing development plans and timing. If no future activity is planned or the licence has been relinquished or has expired, the carrying value of the licence and property acquisition costs are written off through profit or loss. Upon recognition of proved reserves and internal approval for development, the relevant expenditure is transferred to oil and gas properties.

#### Tangible assets

Tangible assets comprise leasehold property and improvements, office and apartment equipment and computer software which are depreciated on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold property and improvements	over residual life of lease (two years)
Office equipment	up to five years
Apartment equipment, computer systems and software	up to two years

## ENI COTE D'IVOIRE LIMITED

### STATEMENT OF ACCOUNTING POLICIES

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#### Cash and cash equivalents

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

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

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

#### Foreign currencies

The company's functional and presentational currency is US Dollar. All financial information has been rounded to the nearest thousand (\$'000), unless otherwise indicated. Transactions denominated in a foreign currency are converted to US Dollars 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 US Dollar to British Pound exchange rate as of 31 December 2019 was 0.7580 (2018: 0.7812).

#### Taxation

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

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[1] BESA is a Belgian regulated bank subject to the banking regulatory requirements.

[2] Although Eni SpA is not a financial institution, it performs its financial activities within specific Board approved limits.

[3] EFI is the company responsible for the centralised funding of some foreign Eni Group companies and for collecting their financial surpluses.

## **ENI COTE D'IVOIRE LIMITED**

### **STATEMENT OF ACCOUNTING POLICIES**

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#### **Financial instruments**

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

##### *Financial assets*

##### *Financial assets at amortised cost (debt instruments)*

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

The company's financial assets held at amortised cost include trade and other receivables.

#### **Financial liabilities**

##### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, loans and borrowings and financial liabilities designated upon initial recognition at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial recognition date and only if the conditions in IFRS 9 are satisfied.

Other financial liabilities are classified in the balance sheet as Trade and other payables.

#### **Interest income**

Interest income is recognised on a time proportion basis.

#### **Use of accounting estimates, judgements and assumptions**

The company's financial statements are prepared in accordance with FRS 101. This requires the use of estimates and assumptions that affect the assets, liabilities, revenues and expenses reported in the financial statements, as well as amounts included in the notes thereto, including discussion and disclosure of contingent liabilities. Estimates made are based on complex or subjective judgments, past experience and other assumptions deemed reasonable in consideration of the information available at the time.

The accounting policies and areas that require the most significant judgments and estimates to be used in the preparation of the financial statements are in relation to the accounting for impairment of assets. Although the company uses its best estimates and judgments, actual results could differ from the estimates and assumptions used.

A summary of significant estimates is as follows:

##### *a) Oil and gas activities*

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



**ENI COTE D'IVOIRE LIMITED**  
**STATEMENT OF ACCOUNTING POLICIES**

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**Use of accounting estimates, judgements and assumptions (continued)**

Oil and gas reserves have a direct impact on certain amounts reported in the financial statements. Estimated proved reserves are used in determining depreciation and depletion expenses and impairment expense. Depreciation rates on oil and gas assets using the units of production basis are determined from the ratio between the amount of hydrocarbons extracted in the quarter and proved developed reserves existing at the end of the quarter increased by the amounts extracted during the quarter. Estimates of oil and gas reserves are also used within impairment testing and timing of the decommissioning.

Proved developed oil and gas reserves are reserves that can be expected to be recovered through existing wells with existing equipment and operating methods. Additional oil and gas expected to be obtained through the application of fluid injection, or other improved recovery techniques, for supplementing the natural forces and mechanisms of primary recovery will generally be included as proved developed reserves only after testing by a pilot project, or after the operation of an installed programme, has confirmed through production response that increased recovery will be achieved.

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

- (i) Reservoirs are considered proved if reserves that can be economically produced are supported by either actual production or conclusive formation tests. The area of a reservoir considered proved includes: (a) that portion delineated by drilling and defined by gas-oil or oil-water contacts, if any, or both, and; (b) the immediately adjoining portions not yet drilled, but which can be reasonably judged as economically productive on the basis of available geological and engineering data. In the absence of information on fluid contacts, the lowest known structural occurrence of hydrocarbons controls the lower proved limit of the reservoir.
- (ii) Reserves that can be produced economically through the application of improved recovery techniques (such as fluid injection) are generally only included in the proved classification if successful testing by a pilot project, or the operation of an installed programme in the reservoir, provides support for the engineering analysis on which the project or programme was based.
- (iii) Estimates of proved reserves do not include the following: (a) crude oil, natural gas and natural gas liquids that may become available from known reservoirs but are classified separately as indicated additional reserves; (b) crude oil, natural gas and natural gas liquids, the recovery of which is subject to reasonable doubt because of uncertainty as to geology, reservoir characteristics, or economic factors; and (c) crude oil, natural gas and natural gas liquids that may be recovered from oil shales, coal and other such sources.

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

**ENI COTE D'IVOIRE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**1 Parent undertakings**

The company's immediate parent undertaking is Eni Lasmo plc, a company incorporated in the UK.

The company's ultimate parent undertaking, Eni S.p.A., a company incorporated in Italy with registered office at Piazzale Enrico Mattei 1, 00144 Rome, will produce consolidated financial statements for the year ended 31 December 2019, which will be available from its website [www.eni.com](http://www.eni.com) or on request to Eni S.p.A., Via Emilia 1, 20097 San Donato Milanese (MI), Italy.

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

**2 Directors and employee information**

The directors' emoluments were as follows:

	2019 \$'000	2018 \$'000
Emoluments – highest paid director	473	88

No directors (2018 – nil) had benefits accruing under the defined benefit pension scheme, defined bonus scheme, money purchase scheme and no share options were exercised.

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

**3 Other service costs and expenses**

	2019 \$'000	2018 \$'000
Other services costs and expenses	1,896	2,188
Exploration costs	6,134	16,430
Exploration asset write-off	1,794	-
Audit fees - branch	29	21
	<b>9,853</b>	<b>18,639</b>

In 2019 auditors' remuneration of the head office was borne by Eni UK Limited. For the purpose of disclosure, a fair allocation of the audit fee to the head office would be \$13,000 and to branch will be \$16,000 (2018 - \$15,000).

	2019 \$'000	2018 \$'000
<b>Staff cost</b>		
Wages and salaries	622	87
Social security costs	7	1
Other pension costs	11	-
	<b>640</b>	<b>88</b>

The monthly average number of persons employed by the Company during the year:

	2019 Number	2018 Number
By activity:		
Administration	1	1
Technical	3	-
	<b>4</b>	<b>1</b>

The company had 4 employees (2018 - 1) and 2 contract staff (2018 - none).

**ENI COTE D'IVOIRE LIMITED**
**NOTES TO THE FINANCIAL STATEMENTS (continued)**
**4 Interest payable and similar expenses**

	2019 \$'000	2018 \$'000
Interest payable to group undertakings	2,053	1,217
Foreign exchange loss	18	236
	<u>2,071</u>	<u>1,453</u>

**5 Taxation**

The tax charge for the year comprises:

	2019 \$'000	2018 \$'000
<b>UK corporation tax</b>		
Current tax at 19% (2018 – 19%)		
-UK corporation tax on losses for the year	-	-
<b>Foreign tax</b>		
-Paid in respect of previous periods	-	-
<b>Total tax</b>	<u>-</u>	<u>-</u>

**Factors affecting tax for the year**

The tax assessed for the year is higher (2018 - higher) than the standard rate of corporation tax applicable to companies in the UK of 19% (2018 – 19%). The differences are explained below:

	2019 \$'000	2018 \$'000
<b>Loss before tax</b>	<u>(12,564)</u>	<u>(20,180)</u>
Tax on loss before tax at 19% (2018 – 19%)	(2,387)	(3,834)
Expenditure not allowable for tax	339	-
Pre-trading expenditure	2,048	3,834
<b>Total tax</b>	<u>-</u>	<u>-</u>

**Unrecognised deferred tax assets**

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate, to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements. In November 2019, the Prime Minister announced that he intended to cancel the future reduction in corporate tax rate from 19% to 17%. This announcement does not constitute substantive enactment and therefore deferred taxes at the balance sheet date continue to be measured at the enacted tax rate of 17%. However, it is possible that the corporation tax rate remains at 19% after 1 April 2020.

The deferred tax asset calculated at the rate of 17% (2018 - 17%) which was not recognised in the financial statements, due to lack of suitable future taxable profits, amounted to:

	2019 Unprovided amount \$'000	2018 Unprovided amount \$'000
Unrecognised tax losses carried forward	10,089	8,505
Accelerated capital allowances	1,835	1,264
	<u>11,924</u>	<u>9,769</u>

**ENI COTE D'IVOIRE LIMITED**
**NOTES TO THE FINANCIAL STATEMENTS (continued)**
**5 Taxation (continued)**

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

**6 Cash and cash equivalents**

	2019 \$'000	2018 \$'000
<b>Cash at bank and in hand</b>		
Group undertaking	2,217	602
Third parties	291	-
	<u>2,508</u>	<u>602</u>

**7 Intangible asset**

<b>Exploration costs</b>	<b>2019 \$'000</b>
<b>Cost</b>	
At 1 January 2019	5,794
Write-off	(1,794)
Additions	3,000
	<u>3,000</u>
<b>At 31 December 2019</b>	<b>7,000</b>

The company has signed the contracts for two new exploration blocks CI-501 and CI-504 each valued at \$1,500,000 amounting to \$3,000,000. During the year the company has written off the exploration bonus related to Block CI-100 amounting to \$1,794,000. The company has not started production, hence all exploration costs are not yet amortised.

**8 Leases**

The balance sheet shows the following amount relating to leases:

<b>Right of use assets</b>	<b>2019 \$'000</b>
<b>Cost</b>	
At 1 January	-
Additions	236
	<u>236</u>
<b>At 31 December</b>	<b>236</b>
<b>Accumulated depreciation charge of right of use assets</b>	
At 1 January	-
Charge for the year	49
	<u>49</u>
<b>At 31 December</b>	<b>49</b>
<b>Net book value</b>	
<b>At 31 December</b>	<b>187</b>

**ENI COTE D'IVOIRE LIMITED**
**NOTES TO THE FINANCIAL STATEMENTS (continued)**
**8 Leases (continued)**

<b>Lease Liabilities</b>	<b>2019 \$'000</b>
Current	120
Non-Current	58
<b>Total</b>	<b>178</b>

The company leases office space. The lease contract ends in 2021.

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

The interest expense is included in the finance costs and amounts to \$2,000.

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

Payments on lease are as follows:

	<b>Years</b>	<b>\$ 000</b>
Within 1 year	2020	120
Second year	2021	58

**9 Tangible assets**

	<b>\$'000</b>
<b>Cost</b>	
At 1 January 2019	-
Additions	357
<b>At 31 December 2019</b>	<b>357</b>
<b>Accumulated depreciation</b>	
At 1 January 2019	-
Charge for the year	25
<b>At 31 December 2019</b>	<b>25</b>
<b>Net Book Value</b>	
<b>At 31 December 2019</b>	<b>332</b>
At 31 December 2018	-

**10 Trade and other receivables**

	<b>2019 \$'000</b>	<b>2018 \$'000</b>
Amount owed from group undertakings	75	-
<b>Other receivables</b>		
Third parties	550	69
	<b>625</b>	<b>69</b>

**ENI COTE D'IVOIRE LIMITED**
**NOTES TO THE FINANCIAL STATEMENTS (continued)**
**11 Trade and other payables**

	2019 \$'000	2018 \$'000
Amounts owed to group undertakings	1,080	186
<b>Other payables</b>		
Third parties	1,267	6,388
	<b>2,347</b>	<b>6,574</b>

**12 Financial liabilities**

	2019 \$'000	2018 \$'000
Loans from group undertakings	3,400	50,600

**13 Share capital**

	2019 \$	2018 \$
<b>Ordinary shares of £1 each</b>		
Allotted and fully paid £1 ordinary equity share	1.96	1.96

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

**14 Joint operations**

Name of license	Place of operation	Interest held
Block CI-100	Ivory Coast	30%
Block CI-101	Ivory Coast	90%
Block CI-205	Ivory Coast	90%
Block CI-501	Ivory Coast	90%
Block CI-504	Ivory Coast	90%

**15. Post balance sheet events**

The emergence and spread of the virus Covid-19 in early 2020 has affected business and economic activities in China and around the world, including UK. The subsequent rapid spread to a growing number of countries around the world triggered a profound correction in the prices of oil and other energy commodities due to the sudden drop in consumption because of increasingly stringent measures adopted by governments to contain the epidemic with serious repercussions on production. In early April, the members of the OPEC + cartel reached an agreement on production cuts required by some of them to react to the effects of Covid-19, however, oil and gas prices continue to be under significant pressure of over-supply and other factors.

**15. Post balance sheet events (continued)**

The short-term trend in oil and gas prices will depend predominantly on the timing of containment of the spread of the pandemic and as well as the ways in which the crisis will be managed. In a possible worst-case scenario, the pandemic could cause a global recession with significant negative consequences on hydrocarbon demand and commodity prices. This development would have significant effects on the company's results, cash flow, liquidity and business prospects, including the returns for the shareholder. However, Eni group and the company maintain a high degree of financial flexibility in order to deal with unforeseen events and significant reductions in oil and gas prices and demand, which the directors consider to be sufficient to mitigate the impact of such a worst-case scenario.

Eni group and the company are continually monitoring developments in the Oil & Gas sector related to Covid-19 and market conditions.

The company has implemented a number of actions to ensure the safety and health of its people and contractors, and with the contributions of the Operators when applicable, also the ability to continue its activities. The company is working to contain its general and administration costs, cut or delay investments in activities, which were not critical or mandatory and also suspend or defer expenditures for projects that became presently uneconomical and is also supporting the Operators to pursue the same actions, when applicable.