ENI COTE D'IVOIRE LIMITED

ANNUAL REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2020

<u>REGISTERED OFFICE</u>
Eni House
10 Ebury Bridge Road
London SW1W 8PZ

Registered Number: 02556415

ENI COTE D'IVOIRE LIMITED
DIRECTORS AND REGISTERED OFFICE

BOARD OF DIRECTORS

P Hemmens
T Doniselli
R Waterlow
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
United Kingdom

REGISTERED IN ENGLAND NO: 02556415

The directors present their report and the audited financial statements of Eni Cote d'Ivoire Limited (the company) for the year ended 31 December 2020.

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. The company is a private company registered in England, United Kingdom.

Results and dividends

The results for the year are set out on page 10 of the financial statements. There was a loss for the financial year to 31 December 2020 of $8,404,000 (2019 - loss of $12,564,000) transferred to reserves. No dividend was recommended by the directors and paid during 2020 (2019 - $nil).

Business review and future developments

Eni has returned to Ivory Coast in 2015, by acquiring 30% of the exploration block CI-100. The company currently holds four deep water blocks, 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 1960s and 1980s.

On 31 December 2019 the company relinquished the block CI-100, where it held 30% of Participating Interest (Op. Total), at the end of the third and last exploration phase. 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. Due to the Covid-19 pandemic implication, in September 2020, the end of the first exploration phase of both blocks have been extended by one year, till September 2021.

The company has signed the contracts for two new exploration blocks CI-501 and CI-504, 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.

The company 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.

During the year the company incurred $4,013,000 (2019 - $6,163,000) of exploration and drilling costs related to the blocks.

The company will continue its operations in the next year. 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 and up to the date of signing the financial statements, except for the following:

- M Giusto resigned as a director on 6 August 2020
- P Hemmens was appointed as a director on 6 August 2020
- M Trezza resigned as a director on 30 October 2020
- R Waterlow was appointed as a director on 8 December 2020

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

Principal risks and uncertainties

The company, like other companies in the oil and gas sector, operates in an environment subject to inherent risks. 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

The directors periodically review the company's exposure to financial risks and set appropriate policies in order to mitigate the risks. The company is exposed to the following financial risks:

Liquidity risk: The risk that suitable sources of funding for the company's business activities may not be available. The company, through Eni S.p.A. and its subsidiaries (Eni Group), 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.

Impact of coronavirus (COVID-19)

Impact of COVID-19 pandemic: The dramatic events caused by the COVID-19 pandemic during 2020 with the lockdown of entire economies and huge limitations on international commerce and travel triggered a collapse in hydrocarbon demand in a context of a structural oversupply of the oil market leading to an unprecedented reduction in hydrocarbon prices. These developments had negative, material effects on Eni group's results of operations and cash flow during 2020. Confronted with such a remarkable shortfall in the cash flows, management has taken a number of measures to preserve the liquidity of the Group, the ability to cover financial obligations that come due and to mitigate the impact of the crisis on the Group's net financial position.

Eni continues to assess the potential impact of coronavirus on the staff and operations and have implemented appropriate mitigation plans.

The company, as part of Eni Group UK companies, has adopted the most stringent standards, in accordance with Eni S.p.A. Group requirements, for the evaluation and management of the aforementioned risks in line with the Eni Group's Management System Guidelines.

Going forward, management expects a moderate recovery in global energy consumption subject to the risks and uncertainties described above.

Post balance sheet events

There are no post balance sheet events to report.

Going concern

As at 31 December 2020, the net deficit of the company amounts to $3,677,000 (2019 - net equity of $4,727,000). The financial statements are prepared on a going concern basis as the company has obtained confirmation from its immediate parent company that it will provide adequate financial support to enable the company to meet its obligations for a period being not less than twelve months from the date of signing of these 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, 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.

Small company exemptions

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies. The company has also taken the exemption from the requirement to present a strategic report, in accordance with S414B of the Companies Act 2006.

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 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 directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

Pursuant to Section 487 of the Companies Act 2006, the 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 (May 7, 2021 16:32 GMT+1)

R D'Abreo
Secretary
7 May 2021

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

Report on the audit of the financial statements

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 2020 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 2020; the statement of comprehensive income and the statement of changes in equity for the year then ended; the statement of accounting policies; and the notes to the financial statements.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial

Independent auditors' report to the members of Eni Cote d'Ivoire Limited (continued)

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

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 2020 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.

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the failure to comply with the relevant tax regulations in the jurisdictions in which the company operates, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to

Independent auditors' report to the members of Eni Cote d'Ivoire Limited (continued)

posting inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- enquiry of management and the company's in-house legal team, including consideration of known or suspected instances of non- compliance with laws and regulations and fraud
- enquiry of staff in the company's tax function to identify any instances of non-compliance with laws and regulations
- reviewing minutes of meetings of those charged with governance
- auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, testing accounting estimates (because of the risk of management bias), and evaluating the business rationale of significant transactions outside the normal course of business

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Eni Cote d'Ivoire Limited (continued)

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 in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Kevin McGhee

Kevin McGhee (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen
7 May 2021

ENI COTE D'IVOIRE LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR YEAR ENDED 31 DECEMBER 2020

	Note	**2020** **$'000**	2019 $'000
Other service costs and expenses	*3*	(6,731)	(9,853)
Labour costs	*4*	(1,164)	(640)
Operating loss		**(7,895)**	(10,493)
Interest receivable and similar income	*5*	**3**	-
Interest payable and similar expenses	*6*	**(512)**	(2,071)
Loss before taxation		**(8,404)**	(12,564)
Tax on loss	*7*	**-**	-
Loss for the financial year		**(8,404)**	(12,564)
Other comprehensive income		**-**	-
Total comprehensive loss for the year		**(8,404)**	(12,564)

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 2020

	Note	Share Capital $'000	Capital Contribution Reserve $'000	Currency Translation Adjustment $'000	Accumulated losses $'000	Total Shareholders' Equity / (Deficit) $'000
Balance at 1 January 2019		-	-	70	(50,779)	(50,709)
Capital contribution		-	68,000	-	-	68,000
Total comprehensive loss for the year		-	-	-	(12,564)	(12,564)
Balance at 1 January 2020		-	68,000	70	**(63,343)**	**4,727**
Total comprehensive loss for the year		-	-	-	(8,404)	**(8,404)**
Balance at 31 December 2020	15	**-**	**68,000**	**70**	**(71,747)**	**(3,677)**

ENI COTE D'IVOIRE LIMITED

(REGISTERED NUMBER 02556415)

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 $'000	2019 $'000
Assets			
Current assets			
Cash and cash equivalents	8	**517**	2,508
Trade and other receivables	9	**733**	625
		1,250	3,133
Non-current assets			
Intangible assets	10	**7,063**	7,000
Right of use assets	11	**69**	187
Property, plant and equipment	12	**297**	332
		7,429	7,519
Total assets		**8,679**	10,652
Liabilities			
Current liabilities			
Current lease liabilities	11	**65**	-
Trade and other payables	13	**2,491**	2,347
Loans from group undertakings	14	**9,800**	3,400
		12,356	5,747
Non-current liability			
Lease liabilities long term	11	**-**	178
Total liabilities		**12,356**	5,925
Shareholders' equity			
Share capital	15	**-**	-
Capital contribution reserve		**68,000**	68,000
Currency translation adjustment		**70**	70
Accumulated losses		**(71,747)**	(63,343)
Total shareholders' (deficit)/equity		**(3,677)**	4,727
Total liabilities and shareholders' equity		**8,679**	10,652

The financial statements from page 10 to 24 were approved by the Board on 22 March 2021 and were signed by an authorised director on behalf of the Board, at a later date.

On behalf of the Board

P Hemmens
Director
7 May 2021

STATEMENT OF ACCOUNTING POLICIES

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 England, United Kingdom. The registered office is disclosed on page 1.

Basis of preparation

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

The net liability position at 31 December 2020 was \$3,677,000 (2019 – net asset of \$4,727,000). The directors are satisfied that the company has adequate financial resources, including access to Eni group financial resources, to continue to operate for the foreseeable future and meet its obligations as they fall due. The company has obtained confirmation from its intermediate parent company Eni Investments Plc, that it will provide adequate financial support to enable the company to meet its obligations for a period of at least one year from the date of approval of these financial statements. Accordingly, the directors continue to adopt the going concern basis in preparing 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, 111 and 134-136 of IAS 1 Presentation of Financial Statements:
(c) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
(i) paragraph 79(a)(iv) of IAS 1;
(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 24(b) of IFRS 6 Exploration for and Evaluation of Mineral Resources to disclose the operating and investing cash flows arising from the exploration for and evaluation of mineral resources;
(g) the requirements of paragraph 91 – 99 of IFRS 13 Fair Value Measurement;
(h) the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
(i) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors in relation to new IFRS that has been issued but is not yet effective;
(j) the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures; and
(k) the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

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

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

Basis of preparation (continued)

New and amended standards adopted
The company has applied the following standards and amendments for the first time for the annual reporting commencing on 1 January 2020:
- Definition of material – amendments to IAS 1 and IAS 8
- Definition of a business – amendments to IFRS 3
- Interest rate benchmark reform – amendments to IFRS 9, IAS 39 and IFRS 7
- Revised conceptual framework for financial reporting
- Annual improvements to IFRS standards 2018-2020 cycle.

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

New standards and interpretations not yet adopted
Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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 effort's method. The cost of drilling exploratory wells is carried forward as an intangible asset if in the opinion of the directors there is a reasonable prospect of development of the related fields commencing within three years of commencement of drilling. Costs of exploratory dry holes are written off at the time that the wells are determined to be dry and all licence fees, geological and geophysical expenses are written off as incurred. Where a decision has been made to exploit a find, the exploration costs are carried forward.

In the period after a decision has been made to exploit a find but before field development programme approval has been granted, any pre-development costs that are incurred are also capitalised and carried forward. When field development programme approval is granted, the exploration and pre-development costs of that field are 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.

Intangible assets (continued)

(iii) Exploration rights (continued)

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.

(iv) 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.

(v) Computer software

Computer software is recognised at cost and depreciated on a straight-line basis over the estimated useful life of up to three years.

Property, plant and equipment

Property, plant and equipment comprise leasehold property and improvements, office and apartment equipment and computer systems 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	up to two years

Cash and cash equivalents

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

Cash deposited in some bank accounts held with Banque Eni SA (BESA)[1] may be subject to cash pooling arrangements with the ultimate parent company Eni SpA[2].

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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.

Cash and cash equivalents (continued)

The Company has the full availability of these bank accounts without any restrictions; neither BESA nor the ultimate parent company can block withdrawals. Cash pooling accounts are balanced on a daily basis and the true intent of these accounts is to ensure settlements of payments to vendors and/or cash collections from customers.

Deposits held with Eni Finance International S.A. (EFI)[3] are classified as cash equivalents considering that: (i) they are highly liquid, available on demand or in the short term and have terms that are similar to those which would be expected if the deposits had been made with an independent third party financial institution; (ii) EFI maintains sufficient cash and liquid resources, along with access to credit lines, to meet all inter-company obligations simultaneously. The Company has full availability of the deposits held with EFI (i.e. no restriction to modify maturity date); if the Company needs to 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 2020 was 0.7319 (2019: 0.7580).

Loans

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

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 substantively 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.

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

Taxation (continued)

Deferred 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.

Interest income

Interest income is recognised on a time proportion basis.

Interest expense

Interest expense is recognised using the effective interest rate method. In calculating interest expense, the effective interest rate is applied to the gross carrying amount of the asset, when the asset is not impaired or to the amortised cost of the liability for interest expense.

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.

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.

Use of accounting estimates, judgements and assumptions (continued)

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.

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 2020, which will be available from its website www.eni.com or on request to Eni S.p.A., Via Emilia 1, 20097 San Donato Milanese (MI), Italy.

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

2 Directors' emoluments

The directors' emoluments were as follows:

	2020 $'000	2019 $'000
Emoluments	**381**	473

No directors (2019 – 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.

The remuneration of the highest paid director amounts to $381,000 (2019 - $473,000).

3 Other service costs and expenses

	2020 $'000	2019 $'000
Other services costs and expenses	**2,551**	1,871
Depreciation (note 11)	**138**	25
Exploration costs	**4,013**	6,134
Exploration asset write-off	**-**	1,794
Audit fees	**29**	29
	6,731	9,853

In 2020 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 $16,000 (2019 – head office $13,000 and branch $16,000). Non-audit fee amounted to nil (2019: $nil).

4 Labour costs

	2020 $'000	2019 $'000
Wages and salaries	1,138	622
Social security costs	7	7
Other pension costs	19	11
	1,164	640

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

	2020 Number	2019 Number
By activity:		
Administration	1	1
Technical	1	3
	2	4

The company had 2 employees (2019 - 4) and 4 contract staff (2019 - 2).

5 Interest receivable and similar income

	2020 $'000	2019 $'000
Bank interest received	**3**	-
	3	-

6 Interest payable and similar expenses

	2020 $'000	2019 $'000
Interest payable to group undertakings	**371**	2,053
Foreign exchange loss	**141**	18
	512	2,071

7 Taxation

The tax charge for the year comprises:

	2020 $'000	2019 $'000
UK corporation tax		
Current tax at 19% (2019 – 19%) -UK corporation tax on losses for the year	-	-
Foreign tax -Paid in respect of previous periods	-	-
Total tax	-	-

Factors affecting tax for the year

The tax assessed for the year is higher (2019 - higher) than the standard rate of corporation tax applicable to companies in the UK of 19% (2019 – 19%). The differences are explained below:

	2020 $'000	2019 $'000
Loss before tax	**(8,404)**	(12,564)
Tax on loss before tax at 19% (2019 – 19%)	**(1,597)**	(2,387)
Expenditure not allowable for tax	**25**	339
Pre-trading non-deductible expenditure	**1,572**	2,048
Total tax	-	-

7 Taxation (continued)

Unrecognised deferred tax assets

The deferred tax asset calculated at the rate of 19% (2019 - 17%) which was not recognised in the financial statements, due to lack of suitable future taxable profits, amounted to:

	2020 Unprovided amount	2019 Unprovided amount
	$'000	$'000
Unrecognised tax losses carried forward	**12,841**	10,089
Accelerated capital allowances	**2,082**	1,835
	14,923	11,924

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.

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%.Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to increase the deferred tax asset by $4,712,638

8 Cash and cash equivalents

	2020 $'000	2019 $'000
Cash at bank and in hand		
Group undertaking	**410**	2,217
Third parties	**107**	291
	517	2,508

9 Trade and other receivables

	2020 $'000	2019 $'000
Trade receivables		
Amount owed from group undertakings	-	75
Other receivables		
Third parties	**733**	550
	733	625

Other receivables include advances to suppliers of $456,000 (2019 - $454,000).

10 Intangible assets

	Computer software $'000	Exploration rights costs $'000	Total $'000
Cost			
At 1 January 2020	-	7,000	7,000
Additions	66	15	81
At 31 December 2020	**66**	**7,015**	**7,081**
Accumulated amortisation			
At 1 January 2020	-	-	-
Charge for the year	18	-	18
At 31 December 2020	**18**	**-**	**18**
Net book value			
At 31 December 2020	**48**	**7,015**	**7,063**
At 31 December 2019	-	7,000	7,000

The company has not started production; hence all exploration rights costs are not yet amortised.

11 Leases

The balance sheet shows the following amount relating to leases:

Right of use assets	**2020 $'000**
Cost	
At 1 January and 31 December 2020	236
Accumulated depreciation charge of right of use assets	
At 1 January 2020	49
Charge for the year	118
At 31 December 2020	**167**
Net book value	
At 31 December 2020	**69**

Lease Liabilities	**2020 $'000**
Current	65
Non-Current	-
Total	65

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.

11 Leases (continued)

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

Payments on lease are as follows:

	Year	$'000
Within 1 year	2021	65

12 Property, plant and equipment

	Office equipment $'000	Computer systems $'000	Total $'000
Cost			
At 1 January 2020	**247**	**110**	**357**
Additions	**81**	**4**	**85**
At 31 December 2020	**328**	**114**	**442**
Accumulated depreciation			
At 1 January 2020	**17**	**8**	**25**
Charge for the year (note 3)	**64**	**56**	**120**
At 31 December 2020	**81**	**64**	**145**
Net Book Value			
At 31 December 2020	**247**	**50**	**297**
At 31 December 2019	230	102	332

13 Trade and other payables

	2020 $'000	2019 $'000
Trade payables		
Amounts owed to group undertakings	**1,464**	1,080
Other payables		
Third parties	**1,027**	1,267
	2,491	2,347

Third party payables include the billings received in relation to the exploration activity.

14 Loans from group undertakings

	2020 $'000	2019 $'000
Loans from group undertakings	**9,800**	3,400

15 Share capital

	2020	2019
	$	$
Ordinary shares of £1 each		
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 number of shares that the company may allot.

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.

16 Joint operations

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

On 31 December 2019 the company relinquished the block CI-100, where it held 30% of Participating Interest (operated by Total), There were no other changes in 2020 in comparison to the period of 2019.