

**STATEMENT OF THE INDEPENDENT AUDITOR FOR THE PURPOSE OF SECTION 92(1)(b) and (c)
OF THE COMPANIES ACT 2006 for the period ended 31 January 2022**

Opinion

We have audited the statement of financial position of Waldorf Production UK Limited (the Company) and the notes 1 to 4, including a summary of significant accounting policies (the financial statements).

Opinion concerning preparation of statement of financial position

In our opinion the statement of financial position and related notes as at 31 January 2022 have been properly prepared in accordance with the provisions of the Companies Act 2006, which would have applied had the statement of financial position been prepared for a financial year of the company.

Statement on net assets

In our opinion, at 31 January 2022 the amount of the company's net assets (within the meaning given to that expression by section 831(2) of the Companies Act 2006) was not less than the aggregate of its called-up share capital and undistributable reserves.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) including 'ISA (UK) 800 (Revised) Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks'. Our responsibilities under those standards are further described in the Auditor's Responsibilities section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

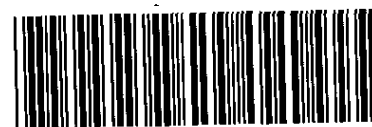
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining a letter of support from the parent company (Waldorf Energy Partners Limited) which states that support will be provided to the Company in meeting its liabilities as they fall due for a period up to 31 December 2023.

To determine whether the parent company (Waldorf Energy Partners Limited) and its subsidiaries (the "Group") have the ability to support the Company to continue as a going concern, these additional procedures were performed:

- Obtaining management's assessment of the Group's ability to continue as a going concern, including the prospective financial information that supports their assessment.
- We inquired of management as to its knowledge of events or conditions during the going concern assessment period and read a variety of external oil and gas market sector sources to challenge and corroborate management's macro assumptions used in their assessment, including the impact of climate change. In doing so, we also considered the consistency of information obtained from other areas of the audit such as the forecasts used for impairment.
- We obtained management's board approved forecast cash flows and covenant calculations covering the period of assessment from the date of signing to 31 December 2023 and evaluated as detailed below:
 - In conjunction with our walkthrough of the group's financial statement close process, we confirmed our understanding of management's going concern assessment process and the review of the going concern assessment by the board of directors.

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- We ensured that the forecasts were mathematically accurate and considered their reasonableness in light of past historical accuracy of management's forecasting.
- We evaluated the assumptions on which the assessment is based including whether the key assumptions underlying the forecasts appear appropriate in the circumstances. The key assumptions are the forecast production, oil and gas prices, operating expenditure and capital expenditure.
- We evaluated the adequacy of the sensitivities and stress testing applied to forecasts and the underlying key assumptions. We evaluated management's reverse stress testing on the forecasts to understand how severe the downside scenarios would have to be to result in a covenant breach.
- As part of our testing, we have independently run severe yet plausible scenario assumptions including using the low end of the range of the forward oil and gas price assumptions; suppressing production levels; increasing operating expenditure by 10% and increasing capex by 10% throughout the going concern period.
- We reviewed the existence, adequacy and terms of the borrowing facilities to management's covenant forecast model, verifying inputs to board approved forecasts and facility agreement terms.
- We considered management's plans for future actions and the ability of management to execute them.
- We considered all the evidence obtained, whether corroborative or contradictory and whether there were indicators of management bias even if all judgments and assumptions are individually reasonable.
- We obtained Management's forecast cash flow assessment for known potential future acquisitions. We evaluated whether such transactions could be funded either from the existing liquidity arrangements in place, or whether additional financing would be required. If additional financing would be required, we assessed whether the directors had discretion only to commit to the transaction when they had secured suitable financing.
- Considering the appropriateness of disclosures in the financial statements and whether they are in accordance with the applicable financial reporting framework.

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.

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

Responsibilities of directors

The directors are responsible for the preparation of statement of financial position and related notes, and for such internal control as management determines 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, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities

It is our responsibility to:

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- a) report on whether the statement of financial position has been properly prepared in accordance with the provisions of the Companies Act 2006 that would have applied if it had been prepared for a financial year of the company with such modifications as are necessary by reason of that fact; and
- b) form an independent opinion concerning the relationship between the company's net assets and its called-up share capital and undistributable reserves at the balance sheet date.

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

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are:
 - UK adopted international accounting standards
 - The Companies Act 2006
 - HMRC tax laws and regulations
 - Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007
 - The Bribery Act 2010
 - Data Protection Act
- We understood how Waldorf Production UK Limited is complying with those frameworks by making enquiries of management, and those charged with governance to understand how the Company maintains and communicates its policies and procedures in these areas. We corroborated our enquiries through our review of the Board Minutes.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by enquiring of management, those charged with governance, and other employees within the Company to understand the entity's policies and procedures. We also obtained documentation on the entity-level controls to determine whether it supports the prevention, detection and correction of material misstatements, including those that are due to fraud. We considered the risk of management override and determined that revenue recognition may present a fraud risk.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved enquiry with management, and considering whether any events or conditions during the audit might have indicated non-compliance with laws and regulations.

Our procedures on journal entries testing included a focus on journals meeting our defined risk criteria, including those posted by those charged with governance, based on our understanding of the business and enquiry with management. Where instances of higher risk journals were identified, we performed additional audit procedures to address each identified risk. These procedures included testing transactions back to source information. We incorporated unpredictability into our testing of manual journals and into our testing of revenue recognition.

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Our procedures on judgements and estimates made in the financial statements included challenging the assumptions made and models used in determining estimates and sought to obtain both contradictory and corroborative evidence to challenge and/or support estimate inputs.

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

Use of our report

This statement is made solely to the company's members, as a body, in accordance with Sections 92 (1) (b) and (c) of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this statement, or for the opinions we have formed.

Ernst & Young LLP

Gemma Noble (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Aberdeen, Scotland
29 March 2022