Siccar Point Energy Finance Limited

Registered No: 9102885

Annual Report and Financial Statements

31 December 2020

Contents

Company information

Directors of the company

Jonathan Leslie Roger

Douglas Weir Fleming

Dr Iain Bartholomew

Christopher Geoffrey Finlayson

Dr Nicholas John Cooper

David Ignatius Foley

Khashayarsha Ali Mohajerani

Mustafa Mohsin Siddiqui (Resigned 12 March 2020)

Graeme David Sword

Adam Maxwell Jenkins (Appointed 12 March 2020)

Registered Number

9102885

Secretary

David Alexander Sheach

Registered Office

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LS1 5AB

Bankers

DNB
70 Queens Road
Aberdeen
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Solicitors

Pinsent Masons
13 Queens Road
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AB15 4YD

Auditors

Ernst & Young LLP
Blenheim House
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Strategic report

The directors present their strategic report of Siccar Point Energy Finance Limited (the "company") for the year ended 31 December 2020.

The registered office address of the company is 1 Park Row, Leeds, LS1 5AB.

Principal activities

The company is part of the Siccar Point Energy Group (the "group") that was established on 25 June 2014, to build a full cycle, operated North Sea exploration, development and production business. Following the successful completion of two material acquisitions in 2016 and 2017, the group has now established a high-quality portfolio of long life, low unit cost, production, development and exploration assets in the UK Continental Shelf.

The principal activity of the company is financing the group. The company holds an investment in Siccar Point Energy Limited. The company has received loans from Siccar Point Energy Luxemburg S.C.A, by way of the loan notes listed on The International Stock Exchange in 2017. The company has also issued shares to Siccar Point Energy (Holdings) Limited, which has funded the investment.

Group review of the business

Operated Assets

Cambo

When the COVID19 pandemic struck, the group and Shell agreed with the UK regulator the Oil and Gas Authority, that Cambo could not be sanctioned in 2020 as previously planned. The Oil and Gas Authority also extended the term of the licences to the end of March 2022. During H2 2020 the group worked with field partner Shell to position the project to move forward again as the oil price recovered. By the end of the year significant progress had been made. This included:

- FEEDs completed for FPSO, Subsea and Gas Export Pipeline
- Market pricing confirmed for major third-party packages for FPSO
- Preparation of the Field Development Plan
- Environmental Statement process was completed including two full rounds of public consultation. However, due to changes in the law with effect from 1 January 2021, the Environmental Statement process is being repeated.

On the back of the ongoing market improvement the group and Shell have now agreed to work towards a project sanction during H2 2021. It remains the group's intention to dilute its current 70% working interest in the field ahead of project sanction.

Exploration and Appraisal

In September the group announced that it had been awarded four new licences in the 32nd UK Offshore Licensing Round – three operated licences in our core Corona Ridge area and one non-operated licence covering two blocks directly to the east of our Mariner field. These licences were awarded without any commitment to drill on the acreage awarded.

The two remaining licences in the Rockall Trough area were surrendered in May due to their remote location and low chance of success of finding commercial volumes.

No exploration drilling is planned for 2021 and the group has no exploration drilling commitments.

Strategic report (continued)

Non-Operated Assets

Schiehallion

In H1 2020 Schiehallion saw a succession of production trips that resulted in operating efficiency averaging just 64% for the period. This became a major area of focus for BP (operator) and significant improvements were made in H2 with operating efficiency for H2 averaging 80%. There was a generally rising trend through H2 with Q4 averaging 90%. This step change in performance was driven by a successful campaign on the Glen Lyon FPSO to reduce the frequency, duration and the time to recover from production trips.

There have been COVID-19 cases on the Glen Lyon, but operator BP has managed these well with the affected personnel isolated and evacuated. There has been no production interruption from the COVID-19 outbreak though it has affected the scheduling and management of some maintenance operations.

With the fall in oil prices in 2020 the Schiehallion partners agreed to sublet the DeepSea Aberdeen rig through to the end of its contract in 2022. The partnership is expected to return to drilling in 2022 with a new rig and drill a four or five well infill programme that should begin coming onstream in H1 2023. There exists a considerable inventory of drilling opportunities to follow on from there and a follow-on programme is likely to commence in 2023 coming onstream in 2024.

In October BP concluded a major piece of reservoir remodeling and has further increased its estimate of oil initially in place to 2.5bn bbls.

During 2020 there was a pre-tax impairment of US$304 million (post-tax impairment @40% tax rate: US$182 million) to property, plant and equipment relating to the Schiehallion field. This was largely driven by a reduction in the group's assumption of future commodity prices.

Mariner

First oil was achieved from the Mariner field on 15 August 2019 giving the group a third producing field. Announcing first production the operator Equinor also announced that it had increased its estimate of in place oil to up to three billion barrels, a 50% increase since project sanction. This creates a very substantial reserves upside in the asset.

The outbreak of the COVID- 19 pandemic did not lead to any production interruption on the Mariner field but a decision was taken to temporarily cease drilling operations on both the platform's own rig and the Noble Lloyd Noble jack up. This was designed to reduce the number of personnel on board and so reduce the risk of infection to the production operations. Both rigs resumed operations later in the year. The Noble Lloyd Noble's contract was extended to the end of January 2021 allowing additional production wells to be drilled ahead of the end of contract. At 31 December 2020 10 production wells have been brought onstream and 1 water injector.

Facilities uptime remains excellent and the rate of downhole pump failure much lower than forecast by the operator. Operating efficiency for the full year 2020 was 89%.

It is planned that a further five production wells and two water injectors will come onstream in 2021. Although the late field start-up and impact of the H1 2020 drilling interruption have deferred the Mariner ramp-up, the field will now ramp up steadily from here as continual drilling with the platform rig builds up the stock of producing wells.

Jade

Jade performed well in H2, although one well was shut-in pending a workover in 2021. Two further wells are planned for the Jade field – JM well is planned to come onstream in September 2022 and Jade South planned to come onstream in March 2023.

Strategic report (continued)

Rosebank

Operator Equinor is currently reviewing development concepts for Rosebank and passed its first Decision Gate milestone in Q1 2020.

The Rosebank partners plan to select a preferred FPSO concept in 2021 and that selection will then determine the timeline to project sanction and first production.

Reserves and Resources

At the end of 2020, the group had 2P reserves of 182mmboe (2019: 190mmboe) and 2C Contingent Resources of 350mmboe (2019: 385mmboe) for combined discovered resources of 532mmboe (2019: 575mboe).

Financing

- With cash at the end of 2020 of US$164 million and undrawn, available Reserve Based Lending (RBL) at 1 January 2021 of US$59 million, the group is well capitalised for the period ahead with total liquidity at the start of 2021 of US$223 million (cash and undrawn, available RBL).
- In December 2020 the group announced a two-year extension of its existing $550 million Reserves Based Lending Facility from its previous final maturity date of November 2025 to November 2027. There were no other material changes to the commercial terms of the facility.

Average daily reported production in 2020 came from the group's interests in the Jade, Schiehallion and Mariner fields. Production for 2020 was 9,953 boepd (2019: 9,931 boepd).
The group loss for the year was US$177 million (2019: loss US$26 million).

Future developments

2021 will be another very important year for the group with several significant milestones including:

- Ongoing drilling at the Mariner field with seven new wells planned for the year
- Commencement of two well infill drilling programme on Jade
- Rosebank FPSO concept selection
- Final investment decision for the Cambo project

Strategic report (continued)

Principal risks, uncertainties and mitigation strategies

The key risks facing the group are:

Hydrocarbon Prices: the group's portfolio is exposed to the volatility of oil and gas prices. The group's mitigating strategy is to engage in a programme of hedging its exposure to Brent oil and UK NBP gas prices. Typically, individual hedges will be modest in size with the objective being to create an averaging effect over time. Only simple hedging instruments are used (swaps, collars). The group also hedges its US LIBOR and US Dollar/ Sterling exposure. The group assessed that the impact of the forthcoming LIBOR reform will have an immaterial effect on the consolidated financial statements. Several further tranches of oil and gas hedging were placed over the course of 2020.

Project Schedule and Cost: At such time as the group sanctions the Cambo project, it will become exposed to the risks commonly associated with project schedule and costs. As the group moves towards final investment decision on the Cambo project it is very focused on mitigating this risk as far as possible through:

- Assembling a highly experienced project team.
- Designing the contract structure of the project to minimise execution and interface risks.
- Working with our field partner Shell to ensure their considerable expertise is brought to bear on the project.
- Ensuring that realistic risking is applied to project cost and schedule estimates.

With a cash balance at 31 December 2020 of US$164 million and a strong hedging book, the group is very well placed for the year ahead.

Key performance indicators

During 2020, the group's current KPIs focus was on production and cash.

Average Daily Reported Production: 9,953 boepd (2019: 9,931 boepd)

Cash at 31 December 2020:US$164 million (2019: US$276 million)

Net debt* at 31 December 2020: US$422 million (2019: US$445 million)

* Net debt: Principal amount of third-party loan and bond less cash

Health, Safety and Environment

The group continues to recognise and act on its responsibilities towards Health, Safety and the Environment (HSE) with a key focus on ensuring that joint venture activities are undertaken in a safe and environmentally responsible manner. This is carried out by actively engaging with joint venture partners and carrying out appropriate due diligence activities. In addition, HSE is embedded in all operational readiness assurance planning activities and the group works in conjunction with its contractors to ensure that all HSE risks are identified and managed appropriately. HSE performance of both contractors and joint venture partners is continuously monitored to assure the group that acceptable standards with respect to HSE are maintained at all times.

On behalf of the Board

Douglas Fleming
Director
23rd April 2021

Directors' report

Registered No: 9102885

The directors present their report and the audited financial statements of Siccar Point Energy Finance Limited (the "company") for the year ended 31 December 2020.

Results and dividends

The company loss for the year amounts to US$71.1 million (2019: loss of US$65.7 million). No dividends have been paid or declared in the period.

Going concern

The group's business activities, together with the factors likely to affect its future development and position are set out above in the strategic report including the actions taken to mitigate the potential impact of COVID-19.

The company has $679m of listed loan notes held by Siccar Point Energy Luxembourg S.C.A. The ability of the company to repay the loan note is dependent upon cash generated by fellow group companies and as such has obtained a letter of support from Siccar Point Energy (Holdings) Limited.

To conclude on going concern for the company, the directors have considered the liquidity and solvency of Siccar Point Energy (Holdings) Limited and have considered going concern at the group level.

The company participates in a centralised treasury arrangement and so shares banking arrangements with fellow group companies. The group closely monitors its funding position throughout the year including monitoring continued compliance with covenants and available facilities to ensure it has sufficient headroom to fund operations.

Forecasts are produced regularly along with any related sensitivity analysis to allow proactive management of any business risks including liquidity risk. The group has assessed downside plausible scenarios such as sustained low oil price and reduced production. In addition, the group can mitigate the impact of these events through its current hedging arrangements and the further deferral of significant uncommitted costs.

With these considerations, the directors are satisfied that they have a reasonable basis upon which to conclude that the company is able to continue as a going concern for twelve months from the approval of financial statements (the "going concern period") given the support provided by Siccar Point (Holdings) Limited. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Streamlined Energy and Carbon Reporting (SECR)

Please refer to Siccar Point Energy (Holdings) Limited financial statements for the group's energy consumption and greenhouse gas emissions.

Directors' report (continued)

Registered No: 9102885

Disclosure information to auditor

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditors

Pursuant to Section 489 of the Companies Act 2006, Ernst & Young LLP has expressed its willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Board meeting.

By order of the Board

Douglas Fleming
Director
23rd April 2021

Directors' responsibilities statement

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

Company Law requires the directors to prepare the company financial statements for each financial year. Under that law they have elected to prepare the company's financial statements in accordance with International Financial Reporting Standards ('IFRSs') in conformity with the requirements of Companies Act 2006.

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 company financial statements, the directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- in respect of the company financial statements, state whether IFRSs in conformity with the Companies Act 2006, have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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 its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SICCAR POINT ENERGY FINANCE LIMITED

Opinion

We have audited the financial statements of Siccar Point Energy Finance Limited (the 'company') for the year ended 31 December 2020 which comprise statement of financial position, statement of comprehensive income, statement of changes in equity, cash flow statement and the related notes 1 to 12, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, 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 parental letter of support from the parent company which states that support will be provided to the Company in meeting its liabilities as they fall due for a period of 12 months from the approval of the financial statements.

To determine whether the Group and parent company (Siccar Point Energy (Holdings) Limited group) has 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.
- Considering whether there are any events not considered by management in their assessment of going concern based on our understanding of the entity and the industry.

Conclusions relating to going concern (continued)

- Obtaining the calculations and related judgments performed by management and understanding and evaluating the below:
    - The process management followed to make its assessment to determine whether it was an appropriate method of concluding on going concern. Management used the free cash flow forecast model in the going concern assessment.
    - The assumptions on which the assessment is based including whether the key assumptions underlying the forecasts appear appropriate in the circumstances.
    - The historical accuracy of management's forecasts
    - The adequacy of the sensitivities and stress testing applied to forecasts and the underlying key assumptions. 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, accelerated repayments of the facility, and the exclusion of non-committed costs and plans. None of those scenarios result in a material uncertainty on the ability of the Group to continue as a going concern.
    - The existence, adequacy and terms of borrowing facilities, and risk of breaching covenants
    - Management's plans for future actions and the ability of management to execute them
    - Considering all the evidence obtained, whether corroborative and contradictory
    - Considering management bias even if all judgments and assumptions are individually reasonable.
- 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 12 months from when the financial statements are authorised for issue.

Our responsibilities and responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SICCAR POINT ENERGY FINANCE LIMITED (CONTINUED)

Overview of our audit approach

Key audit matter	• Carrying value of investments
Materiality	• Overall materiality of $5.1m which represents 0.75% of total assets.

An overview of the scope of our audit

Tailoring the scope
Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters (continued)

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Carrying value of Investments (2020 - \$678m, 2019 - \$678m) Refer to Accounting policies (page 24); and Note 7 of the Financial Statements (page 28) Investments in subsidiaries are held at historic cost and are subject to impairment assessments under IAS 36. Annually, management are required to assess for impairment indicators to determine whether a full impairment test is required to be performed. There is a risk that management fail to identify a relevant indicator and therefore do not perform an impairment test. There is also a risk that management use inappropriate assumptions in the full impairment test resulting in an overstatement of investments. As at 31 December 2020, management identified an impairment indicator as a result of the reduction in the forecast commodity prices, and therefore, performed a full impairment test over the investment.	We have obtained an understanding of the company's process and confirmed the key controls in place to identify impairment triggers, and with regards to the assumptions used if an impairment calculation is required. We have evaluated management's assessment and determined whether they have sufficiently assessed the existence of impairment indicators. As at 31 December 2020, management identified the reduction in the forecast commodity prices as an impairment indicator. We discussed with management and assessed for reasonableness the key assumptions applied in the investees' cashflow model based on the assumptions as at 31 December 2020. We evaluated the reasonableness of the investees' cashflow models provided to assess their consistency with our understanding of the operations of the group. We also agreed the following key assumptions to underlying supporting information: - oil price - production profiles - operating expenditure - capital expenditure - abandonment expenditure As part of our testing the estimates, we considered all evidence, corroborative or contradictory, including evidence obtained post-year end up to report date, to determine the reasonableness of the assumptions. We considered the appropriateness of the related disclosures in the Financial Statements.	We have concluded that management's assumptions in identifying indicators of impairment were appropriate, and that the carrying value of the investment is correct, being no impairment required.

Key audit matters (continued)

In the prior year, our auditor's report included key audit matters in relation to management's consideration of the potential impact of COVID-19 on going concern and the other disclosures in the financial statements. We have removed this key audit matter for the current year due to the reduced risks to the entity as a result of improving economic conditions.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality
The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the company to be $5.1 million (2019: $6.8 million), which is 0.75% (2019: 1%) of total assets. We believe that total assets provide us a base for materiality which relates to the balances which the stakeholders are most concerned with for Siccar Point Energy Finance Limited.

Performance materiality
The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2019: 75%) of our planning materiality, namely $4m (2019: $5m). We have set performance materiality at this percentage due to our expectations that the audit differences will be below 25% of planning materiality, and the engagement is not designated as close monitoring.

Reporting threshold
An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of $254k (2019: $350k), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SICCAR POINT ENERGY FINANCE LIMITED (CONTINUED)

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course if the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are:
    - 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
    - Listing Rules of The International Stock Exchange

- We understood how the Company is complying with those frameworks by making enquiries of management, those charged with governance, and the General Counsel of the Group. We corroborated our enquiries through our review of the Board minutes and noted that there was no contradictory evidence.

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by enquiring management, those charged with governance, and other employees within the Group to understand the entity's policies and procedures. We also considered obtaining documentation on the entity-level controls to determine whether it support the prevention, detection and correction of material misstatements, including those that are due to fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SICCAR POINT ENERGY FINANCE LIMITED (CONTINUED)

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

- We considered risk of fraud over management override of controls, and in response, we incorporated data analytics across manual journal entries into our audit approach. Where instances of risk behaviour patterns were identified through our data analytics, we performed additional audit procedures to address each identified risk. These procedures including testing transactions back to source information and were designed to provide reasonable assurance that the financial statements were free from fraud and error.

- Based on this understanding, we designed our audit procedures to identify noncompliance with such laws and regulations identified above. Our procedures involved enquiry with management, including that of the General Counsel of the Group, 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.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Jamie Dixon (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Aberdeen
23rd April 2021

Statement of comprehensive income

for the year ended 31 December 2020

	Note	*2020 US $'000*	*2019 US $'000*
Administrative expenses		(41)	(8)
Operating loss	3	(41)	(8)
Finance expense	4	(71,040)	(65,667)
Loss before tax		(71,081)	(65,675)
Taxation	6	-	-
Loss for the year		(71,081)	(65,675)

All the above results are derived from continuing operations.

There is no comprehensive income other than the loss for the year.

Total comprehensive loss for the year is attributable to the owners of the company, as there is no non-controlling interest.

Statement of financial position

as at 31 December 2020

Registered No: 9102885

	Note	2020 US $'000	2019 US $'000
Non-current assets			
Investment	7	677,850	677,850
Current assets			
Cash and cash equivalents	8	11	14
Total assets		677,861	677,864
Current liabilities			
Trade payables and accrued liabilities		(181)	(128)
Net current liabilities		(170)	(114)
Non-current liabilities			
Interest-bearing loans and borrowings	9	(937,182)	(866,157)
Total liabilities		(937,363)	(866,285)
Net liabilities		(259,502)	(188,421)
Equity			
Share capital	10	13,385	13,385
Retained deficit		(272,887)	(201,806)
Total deficit		(259,502)	(188,421)

The financial statements were approved by the Board of Directors on 23rd April 2021 and were signed on its behalf by

Douglas Fleming
Director

Statement of changes in equity
for the year ended 31 December 2020

	Share capital	Retained deficit	Total deficit
	US $'000	*US $'000*	US $'000
At 1 January 2019	13,385	(136,131)	(122,746)
Total comprehensive loss for the year	-	(65,675)	(65,675)
At 31 December 2019	13,385	(201,806)	(188,421)
At 1 January 2020	13,385	(201,806)	(188,421)
Total comprehensive loss for the year	-	(71,081)	(71,081)
At 31 December 2020	13,385	(272,887)	(259,502)

Cash flow statement

for the year ended 31 December 2020

	2020 *US $'000*	*2019* *US $'000*
Net cash (used in)/generated from operating activities		
Loss before tax from continuing operations	(71,081)	(65,675)
Adjustments to reconcile loss before tax to net cash flows:		
Finance expense (interest listed loan notes)	71,025	65,642
Unrealised net foreign exchange loss	5	4
Working capital adjustments:		
Increase in trade and accrued liabilities	47	37
Net cash flows (used in)/generated from operating activities	(4)	8
Cash and cash equivalents at 1 January	14	5
Unrealised net foreign exchange differences on cash and cash equivalents	1	1
Net (decrease)/increase in cash and cash equivalents	(4)	8
Cash and cash equivalents at 31 December	11	14

Notes to the financial statements

at 31 December 2020

1. Corporate information

The financial statements of Siccar Point Energy Finance Limited (the "company") for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 23rd April 2021. The company is a private limited company by shares, incorporated and domiciled in the UK. The registered office address of the company is 1 Park Row, Leeds, LS1 5AB.

The company is part of a Siccar Point Energy Group (the "group") established in 2014 to build a full cycle, North Sea exploration, development and production business. Information on the group's structure is provided in note 7. Information on other related party relationships of the group is provided in note 11.

2. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 as they apply to the financial statements of the company for the year ended 31 December 2020 and applied in accordance with the practices of the Companies Act 2006. The financial statements have been prepared on a historical cost basis. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

Consolidation

The company's financial statements are individual entity financial statements. The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Siccar Point Energy (Holdings) Limited. The results of the company and associated undertakings are included in the consolidated financial statements Siccar Point Energy (Holdings) Limited which are available from Siccar Point Energy (Holdings) Limited, 1 Park Row, Leeds, LS1 5AB.

Going concern

The group's business activities, together with the factors likely to affect its future development and position are set out above in the strategic report including the actions taken to mitigate the potential impact of COVID-19.

The company has $679m of listed loan notes held by Siccar Point Energy Luxembourg S.C.A. The ability of the company to repay the loan note is dependent upon cash generated by fellow group companies and as such has obtained a letter of support from Siccar Point Energy (Holdings) Limited.

To conclude on going concern for the company, the directors have considered the liquidity and solvency of Siccar Point Energy (Holdings) Limited and have considered going concern at the group level.

The company participates in a centralised treasury arrangement and so shares banking arrangements with fellow group companies. The group closely monitors its funding position throughout the year including monitoring continued compliance with covenants and available facilities to ensure it has sufficient headroom to fund operations.

Forecasts are produced regularly along with any related sensitivity analysis to allow proactive management of any business risks including liquidity risk. The group has assessed downside plausible scenarios such as sustained low oil price and reduced production. In addition, the group can mitigate the impact of these events through its current hedging arrangements and the further deferral of significant uncommitted costs.

Notes to the financial statements (continued)

at 31 December 2020

2. Accounting policies (continued)

Going concern (continued)

With these considerations, the directors are satisfied that they have a reasonable basis upon which to conclude that the company is able to continue as a going concern for twelve months from the approval of financial statements (the "going concern period") given the support provided by Siccar Point (Holdings) Limited. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The key factors supporting this are:

- The group is well hedged for 2021 with 2.6 million barrels hedged at an average price of $57.87/bbl. The group has 1.3 million barrels hedged for 2022 at an average price of $62.84/bbl. This substantially mitigates our exposure in this regard.
- With cash at the end of 2020 of US$164 million and undrawn, available Reserve Based Lending (RBL) at 1 January 2021 of US$59 million, the group is well capitalised for the period ahead with total liquidity at the start of 2021 of US$223 million (cash and undrawn, available RBL).

(a) New standards, amendments and interpretations issued and effective during the financial year beginning 1 January 2020 that are relevant to the company:

The company has considered all new and amended International Accounting Standards in conformity with the requirements of the Companies Act 2006that are mandatorily effective for the year ending 31 December 2020. Where the changes affect the company, the relevant application and disclosure has been made during the year to 31 December 2020. The new and amended IFRSs during the year are as detailed below:

- Amendments to IFRS 3 *Definition of a Business*
- Amendments to IFRS 7, IFRS 9 and IAS 39 *Interest Rate Benchmark Reform*
- Amendments to IAS 1 and IAS 8 *Definition of Material*

The application of the above standards and amendments did not have any material impact on the company's financial statements.

(b) Standards issued but not yet effective that are relevant to the company:

The following standards and amendments and interpretations to existing standards have been published and are mandatory for the company's accounting period beginning on or after 1 January 2021 or later periods, but the company had not early adopted them:

- Amendments to IAS 1: *Classification of Liabilities as Current or Non-current*
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

It is not anticipated that the application of the above standards and amendments will have any material impact on the company's financial statements.

Notes to the financial statements (continued)

at 31 December 2020

2. Accounting policies (continued)

(c) Significant accounting judgements, estimates and assumptions

The preparation of the company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities, at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the company's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements:

Impairment of non-financial assets – Indicators of impairment

Management applies judgement at each reporting date whether there are any indicators of impairment relating to the company's investment in subsidiary. A broad range of internal and external factors are considered as part of the indicator review process. Key factors that are considered relate to commodity prices, discount rates, cost profiles and commercial reserves. During the year, an impairment test was run for the investments due to the reduction in the forecast commodity prices brought by COVID-19, this resulted in no impairment. See note 7.

Estimates and assumptions

Recoverability of investment

The company assesses assets or groups of assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Individual assets are grouped for impairment purposes at the lowest level at which there are identifiable cashflows that are largely independent of the cash flows of other groups of assets. If any such indication of impairment exists, the company makes an estimate of its recoverable amount. An asset group's recoverable amount is the higher of its net realisable value and its value in use. When the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. In assessing its value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money.

(d) Summary of significant accounting policies

Investments in subsidiaries

The company's investment in subsidiaries is accounted for under the cost method of accounting. A subsidiary is an entity over which the company has control. Control is achieved when the company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Income from the investment is recognised only to the extent that the investor receives distributions from accumulated profits of the subsidiary arising after the date of the acquisition. Distributions received in excess of such profits are regarded as recovery of investment and are recognised as a reduction of the cost of investment.

The carrying values of investments in subsidiaries are reviewed for impairment in accordance with IAS 36 Impairment of Assets. If events or changes in circumstances indicate a carrying value may not be recoverable, an investment carrying value is written down immediately to its recoverable amount. A previously recognised impairment loss is reversed if, and only if, there has been a change in the estimates used to determine the investment's recoverable amount. If this is the case, the carrying amount of the investment is increased to its recoverable amount, except insofar as the reversal of an impairment loss shall not exceed the original cost of the investment.

Notes to the financial statements (continued)

at 31 December 2020

2. **Accounting policies (continued)**

(d) Summary of significant accounting policies (continued)

Functional currency

The company's investment and a significant proportion of its expenses are denominated in US Dollars, which is the company's functional currency. The company's financial statements are prepared and presented in US Dollars.

Foreign currencies

Transactions in other currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

Foreign exchange gains and losses are recognised within finance expenses in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Interest bearing loan and borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified between current liabilities and non-current liabilities.

Current and deferred income tax

The tax expense represents the sum of the tax currently payable and deferred tax.

(a) Current tax

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

(b) Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Notes to the financial statements (continued)

at 31 December 2020

2. Accounting policies (continued)

(d) Summary of significant accounting policies (continued)

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Financial risk management

Financial risk factors

The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

Risk management is carried out by management under policies approved by the Board of Directors. Management identifies and evaluates financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, non-derivative financial instruments and investment of excess liquidity.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Management monitors rolling forecasts of the company's liquidity and cash and cash equivalents on the basis of expected cash flow.

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may return capital to shareholders or issue new shares.

Fair value estimation

The carrying value of trade and other payables are assumed to approximate their fair values because the effect of discounting liabilities is negligible. For the assets carrying amount is a reasonable approximation of the fair value.

3. Operating loss

This is stated after charging:

	2020 *US $'000*	*2019* *US $'000*
Auditors' remuneration	15	15

Notes to the financial statements (continued)

at 31 December 2020

4. Finance expense

	2020 *US $'000*	*2019* *US $'000*
Interest on listed loan notes (note 11)	71,025	65,642
Other expenses	10	21
Foreign exchange loss	5	4
	71,040	65,667

5. Directors' remuneration

The directors are executives of Siccar Point Energy Limited, and Siccar Point Energy (Holdings) Limited. The directors received a total remuneration of $1,684k from Siccar Point Energy Limited, but it is not practicable to allocate this between their services as directors of Siccar Point Energy Limited and their services as directors of fellow subsidiaries.

6. Tax

The charge for the year can be reconciled to the loss per the income statement as follows:

	2020 *US $'000*	*2019* *US $'000*
Loss for the year from continuing operations	(71,081)	(65,675)
Tax at UK standard rate of tax (2020: 19% / 2019: 19%)	(13,505)	(12,478)
Effects of:		
Expenses not deductible	13,495	12,472
Amounts not recognised	10	6
Income tax charge for the year	-	-

A deferred tax asset amounting to US$1.5 million (2019: US$1.4 million) has not been recognised in respect of tax losses carried forward as there is insufficient evidence that the asset will be recovered.

Notes to the financial statements (continued)

at 31 December 2020

7. Investment in subsidiaries

	US $'000
Cost	
At 1 January 2019	692,607
At 31 December 2019	692,607
At 1 January 2020	692,607
At 31 December 2020	692,607
Impairment	
At 1 January 2019	(14,757)
At 31 December 2019	(14,757)
At 1 January 2020	(14,757)
At 31 December 2020	(14,757)
Net investment	
At 31 December 2019	677,850
At 31 December 2020	677,850

The company did not acquire additional shares in the year ended 31 December 2020 (2019: nil).

During the year, an impairment test was run for the investments due to the reduction in the forecast commodity prices brought about by COVID-19. The calculation resulted in no impairment for 31 December 2020 (2019: No impairment indicators were identified or recorded). The company's direct & indirect subsidiary undertakings at 31 December 2020 are as follows:

Name of undertaking	*Country of registration*	*Proportion of voting rights and shares held*	*Nature of business*
Siccar Point Energy Limited - direct subsidiary	England	100%	Holding company
Siccar Point Energy U.K. Limited - indirect subsidiary	England	100%	Oil & Gas Exploration, Development & Production
Siccar Point Energy E&P Limited - indirect subsidiary	England	100%	Oil & Gas Exploration, Development & Production
Siccar Point Energy Bonds PLC - indirect subsidiary	England	100%	Financing vehicle

The subsidiaries listed above are registered to 1 Park Row, Leeds, LS1 5AB.

Notes to the financial statements (continued)

at 31 December 2020

8. Cash and cash equivalents

	2020 US $'000	2019 US $'000
Cash at bank	11	14

The Directors consider that the carrying amount of cash and cash equivalents approximate their fair value.

9. Interest-bearing loans and borrowings:

	2020	2019
Non-current borrowings (note 11):	US $'000	US $'000
Listed loan notes	679,222	679,222
Accrued loan interest	257,960	186,935
	937,182	866,157

The listed loan notes are issued by the company ("the Issuer") to Siccar Point Energy Luxembourg S.C.A and have a fixed 8.2% interest rate. The following amounts are issued and listed on The International Stock Exchange. As at 31 December 2020, the principal amount of those notes was US$679.2 million (2019: US$679.2 million) with accumulated interest of US$258.0 million (2019: U$186.9 million).

Face Value (USD $'000)	Issue and Listed	Maturity date	Carrying value 31 December 2020 (USD $'000)
4,915	July 2014	July 2044	8,138
5,040	January 2015	January 2045	8,027
4,254	November 2015	November 2045	6,385
4,164	January 2016	January 2046	6,108
198,300	August 2016	August 2046	279,780
301,700	January 2017	August 2046	410,102
160,849	January 2017	January 2047	218,642
679,222			**937,182**

Notes to the financial statements (continued)

at 31 December 2020

10. Share capital

The company has two classes of ordinary shares:

	2020	2019
	US $000	US $000
Authorised		
13,385,051 ordinary shares of $1 each	13,385	13,385
1 ordinary share of £1 each	-	-
Allotted, called up and fully paid		
13,385,051 ordinary shares of $1 each	13,385	13,385
1 ordinary share of £1 each	-	-
	13,385	13,385

11. Related party transactions

Loans from Siccar Point Energy Luxembourg S.C.A to the company as at 31 December 2020 totalled US$937.2 million (2019: US$866.2 million) including accumulated interest of US$258.0 million (2019: US$186.9 million) – see note 9.

The listed loan notes were issued in six tranches over the period 2014 to 2017 (the "Notes") and, together with accrued interest, are due for repayment either 30 years after the date of the relevant Notes or at the option of the Issuer any time after an initial 3 year period has lapsed from the date of issue of the relevant Notes. Interest is calculated at 8.20% per annum and is accrued on a twelve month period in arrears. Interest is accrued on the Notes for each Accrual Period (being the period from the date of issue of the relevant Notes until the 31 December in the next following calendar year and thereafter each calendar year) and may be paid by the Issuer on the last day of each Accrual Period, or at its option, accrued and compounded until the principal is repaid. On the occurrence of an insolvency event, the obligations of the Issuer in respect of the Notes rank behind the obligations of the Company as guarantor of (a) the US$200,000,000 9.00 per cent senior unsecured callable bonds 2018/2023 issued by Siccar Point Energy Bonds plc (ISIN No. 0010815053) and (b) the obligations of certain affiliates of the Issuer under the Amended and Restated US$800,000,000 Borrowing Base Facility Agreement, restated on 11 December 2018.

Interest expense on the above loan recognised in the statement of comprehensive income is US$71.0 million (2019: US$65.6 million) – see note 4.

There have been no other transactions with the Board of Directors, Executive Board, Executive Officers, significant shareholders or other related parties during the period.

Key management personnel are directors of the company and their remuneration was borne by Siccar Point Energy Limited and has not been recharged to the company.

Notes to the financial statements (continued)

at 31 December 2020

12. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Siccar Point Energy (Holdings) Limited, a company incorporated in the United Kingdom.

The company's ultimate parent undertaking is Siccar Point Energy Luxembourg S.C.A. a company registered in Luxembourg.

The consolidated accounts of Siccar Point Energy Luxembourg S.C.A are those of the largest group of which the company is a member and for which group accounts are prepared.

Copies of these accounts can be obtained from Siccar Point Energy (Holdings) Limited, 1 Park Row, Leeds, LS1 5AB.