Chrysaor E&P Limited

Registered Company No. 10871880

Report and Financial Statements

For the period 18 July 2017 to 31 December 2017

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Corporate information

Directors

P Kirk
A Osborne

Secretary

H Landes

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Registered Office

Brettenham House
Lancaster Place
London
United Kingdom
WC2E 7EN

Company No. 10871880

Strategic report

The directors present their strategic report for the period ended 31 December 2017.

Principal activities and review of the business

Introduction

Chrysaor E&P Limited (the "Company") was incorporated on 18 July 2017 and is a wholly owned subsidiary of Chrysaor Holdings Limited.

The Company acts as an intermediate holding company for the Chrysaor group of companies. The Chrysaor Group's principal activities are the acquisition, exploration, development and production of oil and gas reserves on the UK Continental Shelf. The Company does not trade. During the period the Company acquired from Chrysaor Holdings Limited, at historic cost, its entire 100% interest in Chrysaor CNS Limited, Chrysaor E&P Finance Limited, Chrysaor Limited and Chrysaor North Sea Limited.

Key performance indicators (KPIs)

The Company acts as an intermediate holding company and has no business and does not trade, accordingly an analysis of key performance indicators is not necessary or appropriate for an understanding of the development, performance or position of the Company. The Chrysaor Group's activities consist of one class of business being the acquisition, development and commercialisation of dormant discoveries and incremental hydrocarbon reserves. Further information about KPIs in the context of the Chrysaor group business can be found in the Chrysaor Holdings Limited consolidated report and financial statements for the year ended 31 December 2017.

Future developments

It is expected the Company will remain a non-trading intermediate holding company for the foreseeable future.

Principal risks and uncertainties

Information about risks and uncertainties in the context of the Chrysaor group business can be found in the Chrysaor Holdings Limited consolidated report and financial statements for the year ended 31 December 2017.

By order of the Board

Andrew Osborne (Director)

30 April 2018

Company No. 10871880

Directors' report

The directors present their report for the period ended 31 December 2017.

Directors

The directors who served the Company during the period and up to the date of the financial statements were as follows:

P Kirk	Appointed 18 July 2017
A Osborne	Appointed 18 July 2017

Secretary

H Landes	Appointed 18 July 2017

Results and dividends

The Company did not trade for the period and made no profit or loss. The directors do not recommend the payment of a dividend.

Financial instruments

The Company finances its activities with a combination of cash and a loan from its parent, Chrysaor Holdings Limited. As the company does not trade, all debtor and creditor balance relate to other companies in the same group.

Post balance sheet events

There were no events occurring after the balance sheet date which require disclosure.

Directors' liabilities

At the date of signing these financial statements, the Company does not have any indemnity provisions to or in favour of one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006.

Going Concern

The Company is part of the Chrysaor group of entities. After making enquires, including a review of cashflow forecasts and sensitivities for the Chrysaor group, the Directors have a reasonable expectation that the Company will have access to adequate resources to continue in operational existence for a period of at least 12 months from the date of signing these financial statements. Accordingly, the Directors have adopted the going concern basis of accounting for the preparation of the financial statements.

Directors' report (continued)

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

EY are expected to resign after the approval of the 2017 report and financial statements and a resolution to appoint PwC as auditors will subsequently be submitted to the Board.

By order of the Board

Andrew Osborne (Director)
30 April 2018

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on a 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 the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report

to the members of Chrysaor E&P Limited

Opinion

We have audited the financial statements of Chrysaor E&P Limited for the period ended 31 December 2017 which comprise Statement of profit and loss and other comprehensive income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 14, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 below. 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.

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.

Independent auditor's report (continued)

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the 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.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of 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.

Independent auditor's report (continued)

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 6, 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.

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.

Ernst & Young LLP

Andy Smyth (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
30 April 2018

Statement of profit and loss and other comprehensive income

The company did not trade for the period to 31 December 2017 and had no profit and loss or other comprehensive income.

The notes on pages 13 to 19 form part of these financial statements.

Balance sheet

As at 31 December	Notes	2017 $000
Non-current assets		
Investment in subsidiaries	6	193,709
		193,709
Current assets		
Cash at bank and in hand		1
Other receivables	7	9
		10
Current liabilities		
Creditors: amounts falling due within one year	8	(193,719)
		(193,719)
Net current liabilities		(193,709)
Net assets		-
Capital and reserves		
Called up share capital	9	-
Retained earnings		
		-

The notes on pages 13 to 19 for part of these financial statements.

These financial statements were approved and authorised for issue by the board of directors on 30 April 2018 and were signed on its behalf by:

Andrew Osborne (Director)

30 April 2018

Company No. 10871880

Statement of changes in equity

for the period ended 31 December 2017

	Share capital *$000*	*Retained earnings* *$000*	*Total* *$000*
As at 18 July 2017 and 31 December 2017	-	-	-

The company did not trade for the period to 31 December 2017 and had no profit and loss, other comprehensive income or movements in equity, other than the issuance of share capital upon incorporation.

Notes to the financial statements

for the period ended 31 December 2017

1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Chrysaor E&P Limited (the "Company") for the period ended 31 December 2017 were authorised for issue by the board of directors on 30 April 2018 and the balance sheet was signed on the board's behalf by Andrew Osborne.

These financial statements have been prepared in accordance with FRS 101 Reduced Disclosure Framework.

The Company has taken advantage of the disclosure exemption from preparing consolidated accounts, under Section 400 of the Companies Act 2006. The financial statements present information about the company as an individual entity and not about its group.

The company is a wholly owned subsidiary of Chrysaor Holdings Limited whose address is PO Box 309gt, Ugland house, South Church Crescent, George Town, Grand Cayman, Cayman Islands. The results of the Company are included in the consolidated financial statements of Chrysaor Holdings Limited Group (the "Group").

The Company is a private limited liability company incorporated and domiciled in England. The Company's principal place of business is London, United Kingdom and its registered office is Brettenham House, Lancaster Place, London, WC2E 7EN.

The principal accounting policies adopted by the Company are set out in note 2.

2. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention. The financial statements are presented in US Dollars and all values are rounded to the nearest thousand dollars ($000) except when otherwise stated.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the period ended 31 December 2017 under FRS 101.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

a) the requirements of IFRS 7 *Financial Instruments: Disclosures*;

b) the requirements of paragraphs 91-99 of IFRS *13 Fair Value Measurement;*

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 10(d), 10(f),16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 *Presentation of Financial Statements*;

e) the requirements of IAS 7 *Statement of Cash Flows*;

f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, *Changes in Accounting Estimates and Errors;*

g) the requirements of paragraph 17and 18A of IAS 24 Related Party Disclosures;

Notes to the financial statements

at 31 December 2017 (continued)

h) the requirements in 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; and

i) the requirements of paragraphs 130 (f) (ii)-(iii), 134(d)-134(f) and 135(c) to (e) of IAS *36 Impairment of Assets.*

Financial Instruments

a. Financial Assets

Loans and receivables

Loans and receivables are carried at amortised cost using the effective interest (EIR) method, less impairment. The EIR amortisation is included in interest income in profit or loss. The losses arising from impairment are recognised in operating expenses.

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition).

b. Financial Liabilities

Loans

These financial liabilities are recognised initially at fair value plus directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

Provisions for liabilities

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Taxes

i. Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax related to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity not in the profit or loss.

Notes to the financial statements

at 31 December 2017 (continued)

ii. Deferred tax

Deferred taxation is recognised in respect of all timing differences arising between the tax bases of the assets and liabilities and their carrying amounts in the financial statements with the following exceptions:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.
- Deferred income tax assets are recognised only to the extent that it is probable that the taxable profit will be available against which the deductible temporary difference, carried forward tax credits or tax losses can be utilised. Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date. The carrying amount of the deferred income tax asset is reviewed at each balance sheet date.
- Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to be offset current assets against current tax liabilities, the deferred income tax relates to the same tax authority and that same tax authority permits the Company to make a single net payment.

Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions at the date of the financial statements. Estimates and assumptions are continuously evaluated and are based on management experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

The Company has identified the following areas where significant judgement, estimates and assumptions are required.

Recoverability of oil and gas investments

The Company assesses each fixed asset investment each reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount of the underlying net assets of the relevant subsidiary is made and compared to the carrying amount of the investment. These assessments require the use of estimates and assumptions such as long-term oil prices (considering current and historical prices, price trends and related factors), discount rates, operating costs, future capital requirements, decommissioning costs, exploration potential, reserves, operating performance and tax exposures.

Notes to the financial statements

at 31 December 2017 (continued)

3. Operating profit

The auditor's remuneration of $14,000 has been borne by another Chrysaor group entity and has not been recharged to the Company. Any fees paid to the Company's auditor for services other than the statutory audit of the Company are disclosed on a consolidated basis in the group financial statements of the Company's ultimate parent, Chrysaor Holdings Limited.

4. Staff cost and directors remuneration

The Company had no employees during the period.

a) Directors' remuneration

	2017
	$000
Directors' remuneration	538
Pension contributions under defined contribution scheme	12
	550

The directors' remuneration refers to the total salaries, other emoluments and benefits paid to directors of the Company by the Chrysaor group. The remuneration is borne by another group company and not recharged to the Company. The directors do not believe that it is practicable to apportion their remuneration between their services as directors of the Company and their services as directors or employees of other companies in the Chrysaor group.

The above amounts for remuneration include the following in respect of the highest paid director:

	2017
	$000
Directors' remuneration	309
Pension contributions under defined contribution scheme	6
	315

Notes to the financial statements

at 31 December 2017 (continued)

5. Taxation

a) Tax charged in the statement of profit and loss and other comprehensive income

The major components of income tax expense for the period ended 31 December 2017 are:

	2017
	$000
Current income tax:	
UK corporation tax	-
Amounts overprovided in previous periods	-
Total current income tax	-
Deferred tax:	
Origination and reversal of temporary differences	-
Impact of change in tax laws and rates	-
Total deferred tax	-
Tax expense in statement of profit and loss and other comprehensive income	-

b) Reconciliation of the total tax charge

Reconciliation between tax expense and the accounting profit multiplied by the UK standard rate of corporation tax for UK companies is as follows:

	2017
	$000
Accounting loss before income tax	-
Tax calculated at UK standard rate of corporation tax of 19%	-
Effects of:	
Expenditure not deductible for tax purposes	-
Pre-trading expenditure	-
Total tax expense reported in the statement of profit or loss and other comprehensive income	-

Notes to the financial statements

at 31 December 2017 (continued)

6. Fixed asset investments

	Shares in subsidiary undertakings
	$000
Cost and net book value:	
At 18 July 2017	-
Additions	193,709
At 31 December 2017	193,709

As part of a restructure of the Chrysaor group, in August 2017 the Company acquired from its parent company, Chrysaor Holdings Limited, the entire issued share capital of Chrysaor CNS Limited, Chrysaor E&P Finance Limited and Chrysaor Limited, for an aggregate consideration of $133. In November 2017, the Company acquired from Chrysaor Holdings Limited, the entire issued share capital of Chrysaor North Sea Limited for consideration of $193,709,244. All transactions with the parent company were completed at book value with consideration settled through intercompany loan arrangements.

At 31 December 2017, the principal subsidiary undertakings of the Company, which were wholly owned were:

Name of company	*Country of incorporation*	*Holding*	*Proportion of voting rights and shares held*	*Main activity*
Chrysaor E&P Finance Limited	UK	100%	100%	Financing company
Chrysaor E&P Services Limited	UK	100%	100%	Service company
Chrysaor North Sea Limited	UK	100%	100%	Oil and gas
Chrysaor Limited	UK	100%	100%	Oil and gas
Chrysaor CNS Limited	UK	100%	100%	Oil and gas

7. Other receivables

	2017
	$000
Amounts owed by group undertakings	9
	9

All amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Notes to the financial statements

at 31 December 2017 (continued)

8. Creditors: amounts falling due within one year

	2017
	$000
Amounts owed to group undertakings	193,719
	193,719

On 23 November, an intercompany loan facility of $193,709,244 was extended to the Company. All amounts owed to group undertakings are unsecured, interest free and repayable on demand.

9. Authorised and issued share capital

	2017	2017
Allotted, called up and fully paid	*No.*	*$000*
Ordinary shares of £1 each	100	-

The share capital of the Company comprises 100 ordinary shares of £1 each and were issued on incorporation of the Company on 18 July 2017. Share capital is recorded at historic cost using rates of exchange on the date of issue.

10. Post balance sheet events

There were no events occurring after the balance sheet date which require disclosure.

11. Related party disclosure

In accordance with FRS 101.8(k), the Company is exempt from the requirement to disclose group related party transactions since the Company is 100% controlled within the group and the group's financial statements of the Company's ultimate parent undertaking, Chrysaor Holdings Limited are publicly available.

From time to time, the Company will provide support to group undertakings by acting as guarantor to certain arrangements. As at 31 December 2017, the Company was guarantor under a rental agreement for office premises entered into by a group undertaking.

12. Ultimate parent undertaking and controlling party

The Company's immediate and ultimate parent undertaking and controlling party is Chrysaor Holdings Limited, registered in Cayman Islands, in whose consolidated financial statements the Company's financial statements are consolidated. The consolidated financial statements of Chrysaor Holdings Limited are publicly available from Companies House.