Chrysaor E&P Limited

Registered Company No. 10871880

Report and Financial Statements

31 December 2018

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Corporate information

Directors

Phil Kirk
Andrew Osborne

Secretary

Howard Landes

Independent Auditors

PricewaterhouseCoopers LLP
The Capitol
431 Union Street
Aberdeen
AB11 6DA

Registered Office

Brettenham House
Lancaster Place
London
United Kingdom
WC2E 7EN

Company No. 10871880

Strategic report

The directors present their strategic report for the year ended 31 December 2018.

Principal activities and review of the business

Chrysaor E&P Limited (the "Company") acts as an intermediate holding company for the Chrysaor group of companies, (the "Group") whose principal activities are the acquisition, exploration, development and production of oil and gas reserves on the UK and Norwegian Continental Shelves. The Group's ultimate parent company is Chrysaor Holdings Limited ("CHL"). Further information can be found in CHL's consolidated report and financial statements for the year ended 31 December 2018 (the "Group Report"). The Company does not trade.

On 18 April 2019 the Company announced it had signed an agreement to acquire ConocoPhillips' UK oil and gas business ("ConocoPhillips UK") for $2.675 billion. The three most material assets in the portfolio include new operated hubs in the UK Central North Sea - Britannia and J-Block; together with a non-operated interest in the Clair Field, West of Shetlands. The assets being acquired produced 72,000 barrels of oil equivalent per day in 2018. The transaction has an effective date of 1 January 2018 and is expected to complete in late 2019. Further information can be found in note 13 to the financial statements.

Financial performance and position

The Company incurred a loss for the year after taxation of $901,000 (period to 31 December 2017: $nil) which arose primarily as a result of general and administrative costs being incurred in relation to investing activities. During the year the company acquired the entire share capital of Chrysaor Norge AS for $4,000 and made a final completion statement payment to Shell which resulted in an increase in the investment in Chrysaor North Sea Limited of $3,521,000.

At 31 December 2018, the company had a deficit in shareholders' funds of $901,000 (2017: $nil). The Company has obtained confirmation from CHL that it intends to continue to provide adequate financial support to enable the Company to meet its third-party obligations for at least one year from the date of approval of these financial statements.

Key performance indicators (KPIs)

The Group's activities consist of one class of business being the acquisition, development and commercialisation of dormant discoveries and incremental hydrocarbon reserves. The Company's KPIs are aligned with those of the Group. Further information about KPIs in the context of the Group business can be found in the Group Report.

Principal risks and uncertainties

The company is subject to a range of risks, these risks are identified and managed by the Group. Information about risks and uncertainties in the context of the Group business can be found in the Group Strategic Report within the Group Report.

On behalf of the Board

Andrew Osborne (Director)

29 April 2019

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2018.

Directors

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

Phil Kirk
Andrew Osborne

Secretary

Howard Landes

Results and dividends

The loss for the year after taxation was $901,000 (period to 31 December 2017: $nil). The directors do not recommend the payment of a dividend (2017: $nil).

Financial instruments

The Company finances its activities with a combination of cash and a loan from its parent, CHL. The Company also has other intercompany balances on its balance sheet.

Financial instruments can give rise to foreign currency, interest rate, credit, price and liquidity risk. Information on these risks is set out in the Group Report.

Future developments

It is expected the Company will remain an intermediate holding company for the foreseeable future.

Post balance sheet events

On 18 April 2019 the Company announced it had signed an agreement to acquire ConocoPhillips' UK oil and gas business ("ConocoPhillips UK") for $2.675 billion. The three most material assets in the portfolio include new operated hubs in the UK Central North Sea - Britannia and J-Block; together with a non-operated interest in the Clair Field, West of Shetlands. The assets being acquired produced 72,000 barrels of oil equivalent per day in 2018. The transaction has an effective date of 1 January 2018 and is expected to complete in late 2019. Further information can be found in note 13 to the financial statements.

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

At 31 December 2018, the Company had net current liabilities of £4,455,000. The Directors have adopted the going concern basis of accounting for the preparation of the financial statements as the Company's parent company, CHL, has undertaken to directly provide the necessary financial support, to the Company, as and when required, to meet all liabilities for a period of at least 12 months from the date of signing these financial statements.

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 auditors in connection with preparing its report, of which the auditors are unaware. Having made enquiries of fellow directors and the company's auditors, 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 auditors are aware of that information.

Directors' report (continued)

Independent Auditors

In July 2018, Ernst & Young LLP resigned as auditors of the Company and PricewaterhouseCoopers LLP were appointed. Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

On behalf of the Board

Andrew Osborne (Director)

29 April 2019

Statement of directors' responsibilities

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

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

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

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Independent auditors' report

to the members of Chrysaor E&P Limited

Report on the audit of the financial statements

Opinion

In our opinion, Chrysaor E&P Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2018; the Income statement, the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Independent auditors' report (continued)

to the members of Chrysaor E&P Limited

Reporting on other information

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

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

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

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are

Independent auditors' report (continued)

to the members of Chrysaor E&P Limited

considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Kevin Reynard (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen
29 April 2019

Income Statement

	Note	Year ended 31 December 2018 $000	Period to 31 December 2017 $000
General and administrative cost		(1,181)	-
Finance income	5	49	-
Loss before taxation	3	(1,132)	-
Income tax credit	6	231	-
Loss for the financial year		(901)	-

No other comprehensive income or expense arose during the year ended 31 December 2018 (period ended 31 December 2017: $nil).

The notes on pages 13 to 21 form part of these financial statements.

Balance sheet

As at 31 December

	Note	*2018* *$000*	*2017* *$000*
Non-current assets			
Investments	7	206,807	193,709
Total non-current assets		206,807	193,709
Current assets			
Cash at bank and in hand		1	1
Debtors: amounts falling due within one year	8	236	9
Total current assets		237	10
Total assets		207,044	193,719
Current liabilities			
Creditors: amounts falling due within one year	9	(4,692)	(10)
Total current liabilities		(4,692)	(10)
Non-current liabilities			
Creditors: amounts falling due after more than one year	10	(203,253)	(193,709)
Total non-current liabilities		(203,253)	(193,709)
Net liabilities		(901)	-
Capital and reserves			
Called up share capital	11	-	-
Accumulated losses		(901)	-
Total equity		(901)	-

The notes on pages 13 to 21 form part of these financial statements.

The financial statements on pages 10 to 21 were approved by the board of directors on 29 April 2019 and signed on its behalf by:

Andrew Osborne (Director)

29 April 2019

Company No. 10871880

Statement of changes in equity

	Called Up Share Capital	*Accumulated Losses*	*Total Equity*
	$000	*$000*	$000
As at 18 July 2017 and 31 December 2017	-	-	-
Loss for the year	-	(901)	(901)
As at 31 December 2018	-	(901)	(901)

Notes to the financial statements

for the year ended 31 December 2018

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

The financial statements of the Company for the year ended 31 December 2018 were authorised for issue by the board of directors on 29 April 2019 and the balance sheet was signed on the board's behalf by Andrew Osborne.

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

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 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 and in accordance with The Companies Act 2006, as applicable to companies using Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101"). 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 year ended 31 December 2018 under FRS 101. All accounting policies have been applied consistently, other than where new policies have been adopted.

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; 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 party to the transaction is wholly owned by such a member; and

h) the requirements of paragraphs 134(d)-134(f) and 135(c) to 135(e) of IAS *36 Impairment of Assets.*

Going Concern

At 31 December 2018, the Company had net current liabilities of £4,455,000. The Directors have adopted the going concern basis of accounting for the preparation of the financial statements as the Company's parent company, CHL, has undertaken to directly provide the necessary

Notes to the financial statements

For the year ended 31 December 2018 (continued)

financial support, to the Company, as and when required, to meet all liabilities for a period of at least 12 months from the date of signing these financial statements.

Foreign currency translation

The Company's functional currency and presentation currency is US Dollars. Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are recognised through the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The Company does not apply hedge accounting of foreign exchange risks in its company financial statements.

Impairment of non-current assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the recoverable amount of the associated asset, being the higher of the fair value less costs of disposal and value in use. When the carrying amount of an asset exceeds its recoverable amount, the difference is recognised in the income statement as an impairment charge.

Financial Instruments
a. Financial Assets

The Company uses two criteria to determine the classification of financial assets: The Company's business model and contractual cash flow characteristics of the financial assets. Where appropriate the Company identifies three categories of financial assets: amortised cost, fair value through profit or loss (FVTPL), and fair value through other comprehensive income (FVOCI).

Loans and receivables

Loans and receivables are initially measured at fair value and subsequently carried at amortised cost using the effective interest rate (EIR) method, less impairment. The EIR amortisation is presented within finance income in the Income statement.

Cash and cash equivalents

Cash at bank and in hand in the balance sheet comprise cash deposits with banks and in hand.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

Notes to the financial statements

For the year ended 31 December 2018 (continued)

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

b. Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Borrowings and Loans

Asa noted above, 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.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

c. Fair Values

The fair value of financial instruments that are traded in active markets at the reporting date is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques.

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.

The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risk specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as part of finance costs in the income statement.

Notes to the financial statements

For the year ended 31 December 2018 (continued)

Current taxes

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.

New and amended standards and interpretation

The Company has assessed the requirements of IFRS 15, IFRS 9 and several other amendments and interpretations which apply for the first time in 2018, none of which have significantly impacted upon the financial statements of the Company.

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. The key sources of estimation uncertainty are 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.

3. Loss before taxation

This is stated after charging:

	2018	*2017*
	$000	*$000*
Auditors' remuneration - audit of the financial statements	19	-

For the year ended 31 December 2018, the auditors' remuneration of $19,000 was recharged with other administrative costs to the Company by the Group service company. For the period ended 31 December 2017, the auditors' remuneration of $14,000 was borne by the Group service company and was not recharged to the Company.

Any fees paid to the Company's auditors 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.

Notes to the financial statements

For the year ended 31 December 2018 (continued)

4. Staff cost and directors' remuneration

The Company had no employees during the year.

a) Directors' remuneration

	2018	*2017*
	$000	*$000*
Directors' remuneration	2,215	486
Payments made in lieu of pension contributions	179	52
Pension contributions under defined contribution scheme	25	12
	2,419	550

The directors' remuneration refers to the total salaries, other emoluments and benefits paid to directors of the Company by its subsidiary Chrysaor E&P Services Limited on behalf of the Group. 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 Group.

Payments made in lieu of pension contributions were made at the same rates as pension contributions made to employees.

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

	2018	*2017*
	$000	*$000*
Directors' remuneration	1,286	276
Payments made in lieu of pension contributions	105	33
Pension contributions under defined contribution scheme	12	6
	1,403	315

The directors did not receive any other remuneration.

5. Finance income

	2018	*2017*
	$000	*$000*
Finance income		
Intercompany interest receivable	29	-
Foreign exchange gain	20	-
Total finance income	49	-

Notes to the financial statements

For the year ended 31 December 2018 (continued)

6. Income tax credit

a) Tax credit in the income statement

The major components of the income tax credit for the year ended 31 December 2018 and period ended 31 December 2017 are:

	2018	*2017*
	$000	$000
Current income tax:		
UK corporation tax	(215)	-
Adjustments in respect of previous periods	(16)	-
Total tax credit reported in the income statement	(231)	-

b) Reconciliation of the total tax credit

Reconciliation between tax credit and the loss before income tax multiplied by the UK standard rate of corporation tax for UK companies is as follows:

	2018	2017
	$000	$000
Loss before taxation	(1,132)	-
Tax calculated at UK standard rate of corporation tax of 19% (2017:19.25%)	(215)	-
Adjustment in respect of previous periods	(16)	-
Total tax credit reported in the income statement	(231)	-

7. Investments

	Shares	Loans	Total
	$000	*$000*	*$000*
Cost and net book value:			
At 31 December 2017	193,709	-	193,709
Additions	3,525	9,573	13,098
At 31 December 2018	197,234	9,573	206,807

During the year, the Company acquired the entire share capital Chrysaor Norge AS for $4,000. In addition, a final completion statement payment of was made to Shell which resulted in an increase in the investment in Chrysaor North Sea Limited of $3,521,000.

A loan of $9,573,000 was extended by the Company to Chrysaor Norge AS, a subsidiary undertaking during the year. Interest of 3.5% was charged on the loan during the year and is repayable in 2022.

Notes to the financial statements

For the year ended 31 December 2018 (continued)

Investments continued

At 31 December 2018, the principal subsidiary undertakings of the Company, which are wholly owned are:

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
Chrysaor Norge AS	Norway	100%	100%	Oil and gas
Chrysaor Marketing Ltd	UK	100%	100%	Dormant company

All the subsidiaries are registered in England and Wales, with the exception of Chrysaor Norge AS. The registered office of all subsidiaries noted above is Brettenham House, Lancaster Place, London, United Kingdom, WC2E 7EN, apart from Chrysaor Norge AS whose registered office is Haakon VII's gate 1, 4th Floor, 0161 Oslo, Norway.

8. Debtors: amounts falling due within one year

	2018 $000	*2017* *$000*
Amounts due from subsidiary undertakings	5	9
Amounts due from subsidiary undertaking in respect of tax	231	-
	236	9

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

9. Creditors: amounts falling due within one year

	2018 $000	*2017* *$000*
Amounts owed to parent company	10	10
Amounts owed to subsidiary undertaking	4,682	-
	4,692	10

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

Notes to the financial statements

For the year ended 31 December 2018 (continued)

10. Creditors: amounts falling due after more than one year

	2018	*2017*
	$000	*$000*
Loan from parent company	193,709	193,709
Loan from subsidiary undertaking	9,544	-
	203,253	193,709

During the year a loan of $9,544,000 million was extended to the Company by a subsidiary undertaking, Chrysaor E&P Services Limited ("CEPSL").

Both loans are not subject to interest and are repayable in full on demand, however CHL and CEPSL have confirmed that they have no current intention to call on the loans until at least 12 months from the date of the approval of these financial statements and so the loans have been classified as long term.

11. Called up share capital

Allotted, called up and fully paid	*2018 No.*	*2017 No.*	*2018 $000*	*2017 $000*
Ordinary shares of £1 each	100	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.

12. Commitments and contingencies

As at 31 December 2018 the Company had no commitments and contingencies (2017: $nil).

13. Post balance sheet events

On 18 April 2019 the Company announced it had signed an agreement to acquire ConocoPhillips' UK oil and gas business ("ConocoPhillips UK") for $2.675 billion. The three most material assets in the portfolio include new operated hubs in the UK Central North Sea - Britannia and J-Block; together with a non-operated interest in the Clair Field, West of Shetlands. The assets being acquired produced 72,000 barrels of oil equivalent per day (boepd) in 2018. The transaction has an effective date of 1 January 2018 and is expected to complete in late 2019.

Including the assets acquired from ConocoPhillips, at 1 January 2019, Chrysaor's pro forma 2P reserves total over 600 mmboe (million barrels of oil equivalent). Pro forma production in 2019 is expected to increase to just under 190,000 boepd, driven by the active drilling and development programmes across the Company's existing and newly acquired assets.

In the UK Southern North Sea, Chrysaor will assume responsibility for an ongoing decommissioning programme on ConocoPhillips UK's end-of-life assets. This decommissioning programme is very well advanced and proceeding in accordance with ConocoPhillips' plans.

Notes to the financial statements

For the year ended 31 December 2018 (continued)

Chrysaor will fund the acquisition from existing cash resources and an upsized $3 billion Reserve Based Lending debt facility underwritten by BNP Paribas, DNB (UK) Limited, ING Bank N.V., and Bank of Montreal (London Branch).

14. 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 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 2018, the Company was guarantor under a rental agreement for office premises entered into by a group undertaking.

15. Ultimate parent undertaking and controlling party

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