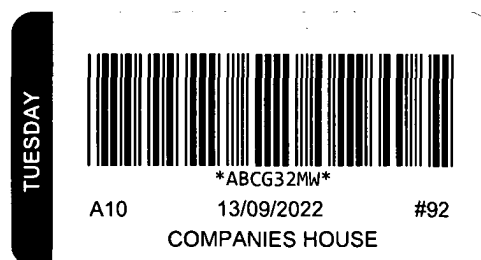


2021

FINANCIAL STATEMENTS FOR

KISTOS ENERGY LIMITED

REGISTERED COMPANY NUMBER: 12859749



BALANCE SHEET AS AT 31 DECEMBER 2021

£	Note	31 December 2021
Current assets		
Cash and cash equivalents		100
		100
NET ASSETS		100
Equity		
Share capital	3	100
TOTAL EQUITY		100

Kistos Energy Limited (registered number 12859479, 'the Company') was incorporated on 4 September 2020 (under the name of Kistos Ltd). Its first accounting period is for the period from incorporation to 31 December 2021. Kistos Energy Limited did not trade during the current period, made neither profit nor loss, nor recognised any other gain or loss.

For the accounting period ending 31 December 2021 the company was entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies. The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The notes below are an integral part of these financial statements and were approved by the directors on 2 September 2022.

Approved by the Board and signed on its behalf by

R. Slape

Richard Slape
Director

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2021

£	Share capital	Total equity
At 4 September 2020	–	–
Shares issued on incorporation	100	100
At 31 December 2021	100	100

NOTES TO THE FINANCIAL STATEMENTS**1. Accounting policies****a) General information**

Kistos Energy Limited (the Company) is a private limited liability Company incorporated in the United Kingdom. The address of its registered office is 9th Floor, Cheapside, London, EC2V 6DN.

The main focus of the Company is the upstream development and production company with a focus on the exploitation opportunities in undiscovered and undeveloped offshore oil and gas fields in the United Kingdom Continental Shelf.

Subsequent to the year end, the Company purchased working interests in the Greater Laggan Area fields and other related interests and infrastructure – see note 5.

Financial reporting period

These financial statements cover the period from its incorporation on 4 September 2020 to the balance sheet date of 31 December 2021.

b) Going concern

The financial statements of the Company have been prepared on the basis of the going concern assumption.

c) Directors

The Directors who served throughout the period and to the date of this report are:

- Andrew Philip Austin (appointed on incorporation)

Subsequent to the period end, Peter George Mann and Richard Slape were appointed as Directors on 8 March 2022.

Note 2 Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework, and were authorised for issue by the Board on 2 September 2022. The financial statements have been prepared on the historical cost basis.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- the following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d) (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirement for minimum of two primary statements, including cash flow statements);
 - 38B-D (additional comparative information);
 - 111 (statement of cash flows information); and
 - 134-136 (capital management disclosures).

- IAS 7, 'Statement of cash flows';
- paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective); and
- the requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

These financial statements are presented in Pounds Sterling, which is the Company's functional currency.

Note 3 Share capital

Share capital comprises 1,000 fully paid up shares of £0.10 each.

Note 4 Ultimate controlling party

The Company's immediate parent company, being the ultimate parent company and ultimate controlling party, is Kistos plc, for which all equity is attributable to.

Kistos plc is the parent company of the largest and smallest group of which the Company is a member, and for which Group Financial Statements are drawn up. Copies of the Group Financial Statements are available from its registered office: 9th Floor, 107 Cheapside, London, EC2V 6DN.

Note 5 Subsequent events

Acquisition of GLA

In January 2022, the Company entered into a conditional asset purchase agreement and conditional share purchase agreement with TotalEnergies E&P UK Limited to acquire a 20% interest in the Greater Laggan Area ('GLA') producing gas fields and associated infrastructure alongside various interests in certain other exploration licences, including a 25% interest in the Benriach prospect, all located in the UK offshore West of Shetland (together, the 'GLA Acquisition').

The GLA Acquisition completed on 10 July 2022. The cash paid on completion comprised initial cash consideration payable of US\$125.0MM, less a deposit paid by the Company's parent company of \$6.25MM in January 2022, post-tax cashflows between the economic effective date of 1 January 2022 and the completion date, and working capital and other adjustments.

The final amount payable is subject to customary closing adjustments and is expected to be finalised in Q4 2022.

In addition to the payments already made, further contingent cash payments in respect of the GLA Acquisition fall due as follows:

- In the event the average day-ahead gas price at the National Balancing Point exceeds 150p/therm in 2022, up to US\$40.0MM will be payable in January 2023. Based on gas prices to date and forecasts for the balance of the year, it is expected that the maximum amount of US\$40.0MM will become payable.
- Should Benriach be developed, the Company will pay US\$0.25 per MMBtu (c.\$1.45 per boe) of net 2P reserves after first gas. This payment is not expected to crystallise until 2027 at the earliest.