Longboat Energy

Annual Report & Financial Statements

2022

Longboat Energy plc

Longboat Energy PLC

Company Information

Directors	G.D.Stewart (Non-Executive Chairman) B.Cheshire (Senior Non-Executive Director) J.J.Saetre (Non-Executive Director) K.L.M.Roe (Non-Executive Director) H.A.Hammer (Chief Executive Officer) J.R.Cooper (Chief Financial Officer) N.A.Ingrassia (Corporate Development Director)
Secretary	J.G.M.Riddick
Company number	12020297
Registered office	5th Floor One New Change London EC4M 9AF
Auditor	BDO LLP 55 Baker Street London W1U 7EU
Nominated adviser & broker	Stifel Nicolaus Europe Limited 150 Cheapside London EC2V 6ET
Solicitors	K&L Gates LLP 8 Tavistock Street London WC2E 7PP
Registrars	Equiniti Company plc Sutherland House Russell Way Crawley West Sussex RH10 1UH
Company website	www.longboatenergy.com

Contents

Annual Report & Financial Statements

CEO Statement

For the year ended 31 December 2022

The Company's drilling programme in 2022 made Longboat one of the most active independent exploration companies in the Norwegian North Sea where the Company drilled five wells and made two significant discoveries, Kveikje and Oswig, which are among the five largest discoveries made in Norway in 2022. In recognition of this exploration achievement, Longboat was awarded the Norwegian "Explorer of the Year Award" by GEO365 for 2022.

Since mid-2021, the Company has generated a portfolio of nine exploration wells through four farm in transactions, five of these wells were drilled in 2022. In 2023 Longboat is looking forward to drilling the OMV operated Velocette exploration well, where the Company holds a 20% interest, which will target a large fault block with expected Cretaceous gas filled sands indicated by seismic amplitudes confined to structure. Gross mean resources are estimated at 177 mmboe with a 30% chance of success and where the key risk is the presence of good quality reservoir. There is also approximately 200 mmboe of follow on potential in the adjacent fault blocks, which would be substantially de-risked with a successful result on Velocette.

In January 2023, Longboat announced the award of three licences in the APA licensing round. The awards include a 30% interest in a firm well on the Lotus prospect, which lies 4km southeast of the Kveikje discovery and is expected to contain analogous injectite sands to the sand encountered in Kveikje. Based on company estimates Lotus has gross mean prospective resources of 27 mmboe with an upside of 44mmboe. The estimated chance of success is 56%. The Company was also awarded a Kveikje extension license to cover possible extensions of Kveikje to the west and east. Also Longboat was awarded the Oswig South licence, which contains the potential southerly extension of the recent Oswig gas condensate discovery. The Oswig South prospect is located at a shallower depth than Oswig and is therefore expected to have better reservoir quality. The Oswig South prospect has already been significantly de-risked by the Oswig discovery and has the potential to double the size of the existing discovery. The work programme is one year and consists of technical studies.

In February 2023, Longboat announced its entry into Malaysia. Under the Malaysian Bid Round 2022 the Company was awarded a production sharing agreement for Block 2A, a large exploration block covering an area of more than 12,000 km^2 offshore Sarawak with material exploration opportunities. Longboat is operator (36.75%) of the block which already has significant 2D and 2D seismic coverage and the partnership includes PETRONAS and Petroleum Sarawak Exploration & Production. This potentially significant opportunity has been acquired without a material initial cost obligation and with three years until a drill decision and without a firm well commitment. By establishing a presence in Malaysia and building a relationship with PETRONAS we are significantly expanding Longboat's opportunity set.

Market Conditions

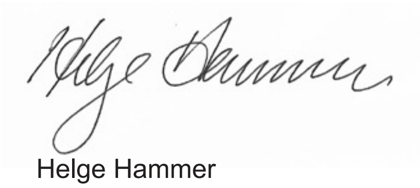
The Company remains committed to building a full-cycle E&P business in Norway and has continued to actively chase business development opportunities. This effort resulted in the farm-in to two further exploration wells in Norway in May 2022: Oswig and Velocette, of which the first well was drilled in September and was a discovery and the latter is scheduled to spud in Q3 2023.

Longboat has also continued to actively pursue production acquisition opportunities in the Norwegian market, but due to a lower than usual number of deal opportunities, a very competitive Norwegian market dominated on the buy-side by PE owned E&P companies, and because the Company is not willing to compromise on the need for a production deal to be value accretive, these efforts have not yet been successful. The players and the markets are continuously changing. Longboat remains active and we are confident we will deliver production assets as we grow the Company.

Outlook

Our plan remains unchanged to build Longboat into a full-cycle E&P company with Norway remaining the core focus where the Company is now well established. In the period ahead, Longboat will be focused on monetisation and conversion of the value created within the exploration assets into reserves, production and cash. The acquisition of production remains our objective, although the difference between buyer and seller's expectations on commodity prices continues to impact the ability to transact in Norway.

A consequence of the seemingly ever increasing fiscal instability in the UK has made the Norwegian market even more appealing and thereby tighter, and after a year of strong oil and gas prices most companies are in good financial health with no need to divest production. While our focus remains on Norway, we are delighted to have established a presence in Malaysia and in the coming year we will seek to build cashflow generating E&P portfolios in both Norway and Malaysia.



Helge Hammer
Chief Executive

20 March 2023

Strategic report

For the year ended 31 December 2022

Strategy

Longboat's strategy remains unchanged: to create significant value for shareholders by building a E&P business through value accretive M&A transactions and with the exploration drill-bit. Norway remains Longboat's key focus area. Having made two potentially commercial discoveries in less than 18 months, the Company is now focussed on maturing these assets towards development and realising the value that has been created. In addition to Norway, Longboat has entered Malaysia where it has been awarded a large exploration licence with a low-cost initial work programme, and the Company will seek to build upon this award to grow an E&P business in Malaysia.

In a situation where access to energy and energy security is becoming increasingly important and particularly gas in Northwest Europe, Norway plays a critical role as the country continues to offer attractive opportunities for E&P companies. Exploration results in Norway remain good and the country continues to offer high quality acreage in regular licensing rounds. According to the latest Resource Report by the Norwegian Petroleum Directorate, only half of total estimated resources of 100 billion boe have so far been produced and sold. Longboat, with its highly skilled G&G team and extensive industry network, is uniquely positioned to benefit from this continued opportunity as demonstrated by the OMV farm-in deal in 2022 and the recent APA awards in early 2023.

Norway also continues to offer an attractive regulatory framework. A new Norwegian Petroleum Tax System was introduced during 2022, which Longboat views as very positive for the Company. The main elements of the new tax system are an unchanged marginal rate of tax at 78%, a move to immediate expensing of investments, 71.8% repayment of all losses in the following year (compared to previously 78% of exploration losses only) with corporate tax at 6.2% carried forward against future profits. Longboat worked with its lending banks and successfully amended the 'Exploration Finance Facility' (EFF) to fit the new tax regime in 2022. In early 2023 Longboat announced it increased its EFF facility to NOK 800 million from NOK 600 million and extended the availability period for drawing by one year through to 31 December 2024. Longboat will use its restructured EFF credit facilities to meet the working capital requirement for future exploration expenditure.

As part of Longboat's sustainability strategy, the Company has undertaken to be corporate 'Net Zero' on a Scope 1 and 2 basis by 2050. In this context, delivering exploration success with significant gas prospects near existing infrastructure will be crucial to reducing carbon intensity in order to maximise the use of existing facilities and pipelines. Becoming net zero for scope 1 & 2 emissions will require future production to benefit from some or all of power from shore for offshore installations, nature-based carbon offsets and future combined capture and storage. We aim to make an important contribution to the energy transition and acknowledge the place that hydrocarbon exploration and production will continue to have in the global markets for the foreseeable future.

During 2022, Longboat has also continued to pursue production acquisition opportunities in Norway, which has not yet led to any production transactions. In the M&A market there have been multiple deals made involving production assets in the North Sea this year, however the strong commodity prices combined with strong balance sheets has made it difficult to find compelling production deals. Almost all of the production transactions during the period have occurred in Norway, with the UK continuing to suffer from negative investor sentiment associated most recently with the 25% exceptional profits levy imposed on UK producers in response to high domestic energy prices. The majority of deals in Norway continue to be struck by privately held companies. Longboat continues to be active in this market but is not willing to compromise on its requirement for transactions to be of high quality and value accretive.

As referenced in our 2022 interim results, as the North Sea M&A market for production and development assets remains highly competitive with a small number of opportunities to review, to make full use of our highly skilled team and to accelerate growth, the Company has expanded its activities to include Southeast Asia. Longboat identified the Malaysian market as having many of the characteristics required to fast-track the development of a full-cycle E&P, including a large and active E&P industry, significant existing infrastructure, stable regulatory framework, supportive Authorities and an active M&A market.

Accordingly, in February 2023, the Company announced its first license award in Malaysia which has many similarities to what the Norwegian North Sea had 15–20 years ago and Longboat is in a strong position to exploit this opportunity due to our subsurface and M&A expertise, and industry relationships.

Petronas is actively supporting new entrants in the region and the Company believes establishing a presence in the market via the Block 2A PSC will open up a number of identified production acquisition opportunities.

Market outlook

At the start of 2022, oil prices increased towards ~$100/bbl following concerns that OPEC+ was unable to meet its targeted outputs thereby putting increased pressure on supply. Then, in late February, Russia invaded Ukraine resulting in catastrophic consequences, not to mention the grave human devastation associated with the attack. This event forced oil prices even higher, above $120/bbl, despite continued COVID-19 outbreaks and lockdowns in China. By Q2, growing concerns over the loss of Russian supply were largely offset by indications that the world and more specifically Europe were heading towards a recession. Between July 2022 and December 2022, prices fell from around $105/bbl to $95/bbl.

Since the start of 2023 prices have continued to decline on fears of the US falling into recession amid inflation-fighting hikes. However, many analysts and research houses continue to forecast stronger oil prices in the second half of 2023 as the world enters a period of under-supply.

Analysts are forecasting global oil demand to grow by 1.4-1.9 million barrels per day year on year in 2023 despite a macroeconomic slowdown. Half of this growth is anticipated to come from China following the relaxation of China's COVID-19 restrictions. Meanwhile, supply growth is unlikely to be able to meet such growth in demand. US shale oil production growth potential is likely to be capped by oil service capacity constraints, Russian production could decline with lower domestic refinery runs following the imposition of the EU embargo and G-7 price cap, and OPEC+ has said that it will maintain output restrictions at 2mmbopd until year end. As such, analysts are predicting higher prices in H2 2023.

Like the oil market, the 2022 gas markets were extremely volatile. The sharp decline in Russian gas flows to Europe and a tight power market drove European gas prices, and indirectly Asian spot LNG prices, to record highs. In Europe, natural gas prices peaked at nearly 550p/therm in the summer, more than ten times greater than the historical norm.

The high price and tight supply environment led to a decline in natural gas consumption across a number of regions, in Europe gas demand declined by close to 10% YoY in the period. This ultimately led to a drop in prices (about 300p/therm in Europe for Q4 2022). During 2022 worldwide coal demand exceeded 8 giga tonnes per annum as a result of gas to coal switching driven by high gas prices.

In recent days, aided by a mild winter, reduced industrial activity, healthy storage levels and efforts to source alternative supplies, Europe has recorded its lowest natural gas prices in 18 months, some 85% lower than the peaks of summer 2022. With just 6 weeks remaining of the 2022/2023 winter and European storage currently 65% full, above expectations for this time of year, the market expects prices to remain stable for the near term. That said, the drop in prices could always be a catalyst for demand increases in Asia, especially as China's economy reopens.

Both the near and long term outlooks for gas are very difficult to predict. The near-term outlook is somewhat driven by Russia/Ukraine, China and the severity of a global recession. Meanwhile, the longer term prospects for natural gas depend on the outcome of two significant but opposing trends i) increasing demand in emerging economies as they grow and industrialize and move away from coal, ii) offset by a shift away from natural gas to lower-carbon energy led by the developed world. In the medium term gas is required to power the energy transition and to facilitate coal to gas switching which is essential to achieve net zero.

Despite positive indications in the North Sea M&A market at the start of the year, ultimately 2022 saw relatively few transactions taking place, most of which were dominated by private entities. Examples include the ~$1 billion acquisition of an asset package in Norway by Sval Energi from Equinor and purchases by Ithaca Energy of Siccar Point Energy and Summit Petroleum in the UK prior to its listing in the fourth quarter of the year. The sluggishness in the asset deal space can largely be attributed to potential sellers' strong balance sheets following a period of elevated commodity prices coupled with a reticence to relinquish volumes given the current global, geopolitical uncertainty.

The lack of deal flow in the asset market precipitated multiple well-publicized corporate actions in the London-listed E&P space involving the likes of Serica and Capricorn.

While these themes are likely to continue into 2023, Norway is likely to see increased activity levels around transactions in the development space following the a high level of submissions of Plans for Development and Operation ('PDO') to take advantage of COVID-era tax breaks during 2022. Continued uncertainty around the long term tax regime in the UK is likely to styme transactions, although this may open the market to consolidation opportunities as players seek to manage their cost structures. However, Longboat is encouraged by the increasing opportunities in the South East Asian transaction space and Longboat's recent entry into Malaysia should help position the Company to take advantage of relative lack of M&A competition in the region.

ESG

As an exploration and intended development and production business, Longboat's role in the energy transition is to produce hydrocarbons responsibly and minimise emissions. Longboat is committed to being net zero by 2050 with an earlier target date to be set dependent on the profile of the asset base delivered through the drilling campaigns and its M&A strategy. The oil and gas industry has been key in transforming the world economy and the wealth of nations since the beginning of the twentieth century. The industry also has an essential role in the energy transition as reflected in the current EU Taxonomy discussion and also with US Climate Envoy, John Kerry announcing that natural gas could be an "important bridge fuel". The challenge is how to change industrial and consumer behaviour so that this extraordinary source of energy is used as efficiently as possible in conjunction with other existing sources and those to be developed.

In the near term, the world is facing an energy shortage, and in the last few years this has manifested itself in a fourfold increase in Chinese coal, global gas and European electricity prices between 2018 and 2020. This shortage has been exacerbated with war in the Ukraine and less access to Russian gas. This reduction in available gas and a focus on energy security for the first time in many years has set the energy transition back in 2022, with coal consumption hitting a new record of above 8 Giga Tonnes per annum ("GTpa"). In order to avoid this becoming a persisting crisis we need to invest more in the energy transition globally, both proven and new technologies. This includes a faster build out of wind and solar energy, hydrogen and battery storage, carbon capture and storage, nature based offset solutions, nuclear fusion, new technologies, the circular economy and also, controversially for some, in conventional energy to support the energy transition. In particular there has been underinvestment in natural gas projects over recent years. The failure to invest in natural gas will spill over into oil and coal shortages where these fuels compete to substitute each other. Thunder Said Energy ("TSE"), the research consultancy for energy technologies and the energy transition, models a roadmap to net zero emissions by 2050 that sees natural gas production doubling from 400bcfd to 800bcfd, and oil production easing to 85Mbpd, all this with a huge growth in wind, solar, nuclear and capture and offset projects. Gas is key transition fuel, the rationale is to displace coal where consumption of 8GTpa of coal emits 20GTpa of CO_2. Natural gas produces under half the CO_2 emissions per unit of useful energy when compared to coal. Thus, switching to gas makes it easier to abate the remaining CO_2 emissions via CCS or reforestation.

A world population of 8bn humans uses 75,000 TWH pa of useful energy but at an environmental cost of 50GTpa of CO_2 equivalents. By 2050 we would like an estimated population of 9.5 billion people using an estimated 120,000 TWH (source TSE) pa of useful energy to have zero emissions. The required ramp up of these transition technologies are enormous, and it will need to be supported by nuclear, gas and oil. Without considerable investment in these traditional energy supplies we could see another commodity super-cycle.

In this context, we are pleased that Longboat's Norwegian exploration assets are within tie-back distance to Norwegian existing infrastructure and are mainly gas opportunities, and in the case of Malaysia are focused on large gas prospects relatively close to onshore LNG trains. Norway is already among the lowest emission producers of oil and gas in the world, and with significant plans and Governmental support for further reducing the carbon emissions levels.

Report on operations

Since June 2021 we have farmed-in to a programme of nine exploration wells in Norway in four bilateral transactions with Equinor, Spirit, Idemitsu and OMV. In 2022 five exploration wells were drilled, on top of the three drilled in 2021, resulting in discoveries on the Kveikje and Oswig prospects and unsuccessful wells on Ginny-Hermine, Cambozola and Copernicus.

In the Kveikje well (Longboat 10%), we encountered hydrocarbons at all four reservoir targets levels. 2C to 3C estimates of recoverable resources from ERCE Competent Persons Report in the excellent quality injectitie reservoir were 35 to 60 mmboe gross. Kveikje is operated by Equinor and is located in an area to the north of the giant Troll field with significant infrastructure and multiple tie-back opportunities. Several third-party discoveries have been made close to Kveikje during the last few years, such as Røver Nord and South, Toppand and Swicher, which will allow for significant operational synergies and economies of scale as the Kveikje development moves forward.

In January 2023, the Company announced that it had been awarded the Lotus prospect (Longboat, 30%) in the Norwegian 2022 APA Licensing Round. Lotus is located immediately adjacent to Longboat's Kveikje discovery (Longboat, 10%) and adds significantly to the materiality of Longboat's acreage position in this area.

Kveikje and Lotus, on success, are likely to form part of the new Equinor operated Ring Vei Vest ("RVV") cluster development project. The RVV project will develop multiple oil discoveries made west of the Troll field in recent years.

Following a short hiatus in anticipation of the APA award, Longboat is actively pursuing monetisation options for its position in the area.

The Oswig (Longboat 20%) discovery is a high pressure, high temperature Jurassic fault block nearby the Equinor operated producing Tune and Oseberg fields. Gas-condensate was discovered in exploration well 30/5-4S and sidetrack 30/5-4A. The sidetrack was drilled to conduct a drill stem test ("DST") in the Upper Tarbert Formation. The average production rate from the DST was lower than expected at approximately 2.1 mmscfd of gas and 280 bpd of condensate (approximately 650 boepd in aggregate) through a 10/64-inch choke.

The DST has successfully proved the ability of Oswig to flow hydrocarbons from poor quality reservoir and support a potential development via nearby infrastructure in the Northern North Sea. Preliminary estimate of recoverable resources in Oswig of between 10 and 42 million boe (gross) based on in-place volumes of 100 to 215 million boe and a condensate/gas ratio of 110-130 bbl/mmscf. The partnership is now working towards integrating the DST results into its understanding of the field and evaluate possible well configurations with the objective of increasing and maximising flow rates in a future potential development.

The Velocette prospect (Longboat 20%) is also operated by OMV and comprises Cretaceous Nise turbidite sands in the Norwegian Sea. This gas-condensate prospect is located within tie-back distance to the Aasta Hansteen gas field and has been estimated by the operator to contain gross unrisked mean resources of 177 mmboe (35mmboe net to Longboat) with an estimated chance of success of 30%. A rig contract had been entered into for the Transocean Norge semi-sub with the well expected to spud in Q3 2023.

In October 2021, we announced the Egyptian Vulture discovery (Longboat 15%) close to infrastructure on the Halten Terrace in the Norwegian Sea. The discovery is visible on seismic as a large amplitude anomaly and technical studies have been ongoing with particular focus on seismic interpretation and distribution of areas with good reservoir. As part of this work, ERCE provided an independent assessment of the discovery in a Competent Person Report commissioned by Longboat, which has confirmed the 1C-3C size of the discovery at gross 4-68 mmboe. For an appraisal well on Egyptian Vulture to be successful, it would need to encounter better reservoir quality than that penetrated by the discovery well and the Joint Venture participants, following extensive technical work, have been unable to form an aligned view regarding an appraisal well and therefore did not commit to a licence extension as required on 2 March 2023. Therefore, the licence is being relinquished. However, Longboat is looking to form a new group to take the asset forward and rather than take over the existing licence, which would involve escalating license fees, will seek to re-apply for the acreage in the forthcoming licence round with awards due in January 2024.

Rødhette was discovered in October 2021 and is located within tie-back distance to the Goliath field in the Barents Sea. The press released preliminary oil and gas resources are between 9 and 12 mmboe (gross), which is not commercial as a standalone development, but could be tied-back for production as part of an area cluster development. The way forward for the asset therefore depends on the outcome of several third-party exploration wells. The recent large Lupa gas discovery announced by Vår on 23 December 2022 could have positive impact on Rødhette and a future gas export route in the area. While Longboat still retains this licence it is small and monetisation is uncertain so it has been written off from intangible assets.

The Galtvort gas discovery is located in PL1060 10 km northwest of the Draugen field in the Norwegian Sea. Although the Ginny exploration well was dry, the Galtvort reservoir in the Jurassic Garn Formation contains gross 2C recoverable volume estimated by ERCE in a Competent Person Report of 10.2

mmboe. The Draugen field is being electrified and the nearby Hasselmus field is being tied back this year. Galtvort is located only 5 km from Hasselmus and could form an add-on to this development, however, development remains uncertain, Longboat's interest is small and so this has been written off from intangible assets.

On Cambozola and Copernicus work continues to establish any remaining prospectivity on the licences although as the plays on both licences were not proven, the associated costs have been written down given the results indicate the carrying value is unlikely to be recovered.

In February 2023, the Company announced an award by PETRONAS of a Production Sharing Contract for Block 2A, a large exploration block offshore Sarawak with material gas resource potential. Longboat will become operator with a 36.75% interest in the PSC alongside partners Petronas Carigali Sdn. Bhd (40%), Petroleum Sarawak Exploration & Production Sdn. Bhd. (7.5%) and Topaz Number One Limited (15.75%).

Block 2A is offshore Sarawak, north-west of the prolific Central Luconia hydrocarbon province, outboard of recent gas discoveries. The Block covers approx. 12,000km^2 and is located in water depths of between 100-1,400 metres. One of the world's largest LNG facilities, the Bintulu LNG plant, is located onshore on the coast of Sarawak.

A number of large prospects across multiple plays have been identified across Block 2A. The main prospect is a large anticlinal structure called Kertang with a closure of over 100km^2 at multiple levels and significant volume potential representing multiple trillions of cubic feet of gas in stacked reservoirs. Seismic indicators for the presence of gas can be observed in the area and over the crest of the prospect. These indicators, together with geochemical analysis of sea floor samples over the main prospect provide strong evidence of the area being gas-prone.

Financial review

Longboat had a gross cash position at the end of the period of £12.1 million (2021: £26.3 million) with borrowings under the Exploration Finance Facility of £36.8m (2021: nil) to be repaid by a tax rebate in Q4 2023. The net debt at 31 December 2022 was £24.7 million (31 December 2021 net cash £26.3 million). During the period, Longboat had an active drilling campaign completing five wells: Ginny-Hermine. Kveikje, Cambozola, Copernicus and Oswig. The exploration costs came in below the amounts originally budgeted at the time of the original licence acquisitions, and this is why Longboat has been able to drill more wells than originally envisaged.

The loss after taxation for the period excluding other comprehensive income was £15.5 million (2021: £4.7 million), this includes the write off of £42.9 million of pre-tax exploration costs in relation to the Rodhette, Ginny Hermine, Cambozola, and Copernicus exploration wells and after a tax credit of £33.9 million. Post the period end the Egyptian Vulture licence was relinquished, with the partners being unable to agree on the way forward following extensive technical work and assessment into 2023. This is disclosed as a post balance sheet event in note 28. The balance of £11.4 million held in Intangibles at 31 December 2022 relating to Egyptian Vulture will be written off in 2023.

Salaries and pension costs in the twelve month period were £3.4 million reflecting the first full year of staffing and salaries post the farm-in deals. Bank charges of £1.5 million, predominately in relation to the EFF, and exchanges gains of £0.7 million, primarily arising on foreign currency bank balances. The IFRS2 non-cash charge for the period in relation to the FIP, LTIP and CIP scheme was £0.3 million.

Having undertaken careful enquiry, the Directors are of the view the Group will need to access additional funds during 2023 in order to fund on-going operations and pursue growth opportunities. It is anticipated these funds will be sourced through asset disposals, farm downs, issuing new equity or combination of these actions.

The financial statements for the year to 31 December 2022 have been prepared assuming the Group will continue as a going concern. In support of this, the directors believe the liquid nature of the Norwegian asset market combined with historical shareholder support, means it is likely that adequate funds can be accessed when required.

However, the ability to access funds is not guaranteed at the date of signing these financial statements. As a consequence, this funding requirement represents a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

Section 172(1) Statement

Section 172 of the Companies Act 2006 sets out that Directors should have regard to stakeholder interests when discharging their duty to promote the success of the Company. The Directors consider that they have acted in good faith in such a way that would be most likely to promote the success of the

Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172 (1)(a)-(f) of the Companies Act 2006 (set out below) in the decisions taken.

The Board is aware of the importance of their role in understanding stakeholder interests and concerns; balancing these fairly between the stakeholders of the Company and responding to them as part of their Board responsibilities. Specific commentary has been made below against the relevant provisions of Section 172(1)(a) to (f) of the Companies Act:

a. *the likely consequences of any decision in the long term:* sustainability is a real challenge for the oil and gas industry, but the Company believes that gas in particular has a major role to play in the energy transition. At present the Company's assets are exploration and appraisal focused where decisions tend to be short term.

b. *the interests of the company's employees:* the Company is dependent on employees' performance and has a legal and ethical responsibility for their well-being. As our team of professionals is still small in number they are necessarily fully involved in the processes that lead up to any material commitments and decisions.

c. *the need to foster the company's business relationships with suppliers, customers and others:* aside from a small number of service providers, the success of the Company will be driven in part by the business relationships that exist between the Directors and the management of other oil and gas companies and as such the maintenance of such relationships is given a very high priority by the Directors.

d. *the impact of the company's operations on the community and the environment:* we have an ethical responsibility to minimise the impact on livelihoods and the environments in which we operate. To date the Company's activities have been focused solely on offshore Norway which is very closely regulated with sector leading emissions standards.

e. *the desirability of the company maintaining a reputation for high standards of business conduct:* the Company's standing and reputation with other oil and gas companies, shareholders, debt providers and Government are key and the Company's ethics and behaviour, as summarised in the Company's Business Principle and Ethics, will continue to be central to the conduct of the Directors. The Company is advised by blue-chip experienced advisers which also assist in maintaining high standards of conduct.

f. *the need to act fairly as between members of the company:* The Directors will continue to act fairly between the members of the Company as required under the Companies Act, the AIM Rules and QCA corporate governance principles.

Subsidiaries

At the year end the Company had one 100% owned subsidiary, Longboat Energy Norge AS and in January 2023 a further subsidiary was incorporated Longboat Energy (2A) Limited to hold the group's first Malaysian exploration interest.

Results and review of financial performance

The Company's loss after taxation for the year to 31 December 2022 was £15.5 million (2021: £4.7 million).

Dividends

It is the Board's policy that the Company should seek to generate capital growth for its shareholders but may recommend distributions at some future date when the investment portfolio matures, and production revenues are established and when it becomes commercially prudent to do so.

Outlook

The focus of the Directors is the successful drilling out of the exploration portfolio ensuring sufficient funds are secured in 2023 and securing follow up acquisitions that will deliver assets that are able to meet the Company's investment criteria (including near term cashflow) as well as providing an appropriate basis to build on the Company's objective to become a full-cycle E&P company.

On behalf of the board

Helge Hammer
....
Helge Hammer
Chief Executive

20 March 2023

Principal risks and uncertainties facing the business

The principal risks facing the Company were set out in the Company's AIM Re-admission Document dated 10 June 2021 as amended in the Company's subsequent Annual Reports to 31 December 2021, since when there have only been two appreciable changes in those risks as follows:

- Materiality – the Company's market capitalisation is now in the £6-8 million range which makes any substantive new acquisition or commitment very material in relation to the Company's market value. There are a number of consequences to this notably the Company's ability to raise material sums potentially disproportionate to its size, and that any such fund raising has the potential to be highly dilutive to existing shareholders.

- Going Concern – the Company currently has no source of income and is reliant on its existing cash resources, continuing bank facility and potential asset disposals/swaps. In the event that the Company does not succeed in marketing certain assets or raising further capital to finance new and existing transactions, the Company's ability to continue to trade will be at risk.

The risks set out below are a selection of the principal near-term risks that face the Company and are in shortened form. Shareholders should refer to the Re-Admission Document of June 2021 for the full schedule of both short and long-term risks. Accordingly, these risks should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties.

Area	Description	Mitigation
Exploration / drilling, developing and operating risks	The Group has invested in oil and gas exploration assets which are speculative and involve a significant degree of risk. There is no assurance that such exploration will lead to commercial discoveries or, if there is a commercial discovery, that such reserves will be realisable. In addition, drilling operations involve a number of risks, many of which are beyond the control of the Group, which may delay or adversely impact the projects which the Group may have acquired or which the Group may have invested. These include mechanical failures or delay, adverse weather conditions and governmental regulations or delays. These delays and potential impacts could result in a project's activities being damaged, delayed or abandoned and substantial losses could be incurred.	The Group has a multi- well programme that carries a range of differing technical and commercial risks Operational drilling and HSE risks will be managed by the Group through its dedicated HSE personnel, Business Management System, third parties and other third-party operators. The Group maintains a programme of insurance to cover such exposure up to recognised industry limits but should an incident occur of a magnitude in excess of such limits, the Group would be fully exposed to the financial consequences
Fiscal and other risks derived from government involvement in the oil and gas	Any government action such as a change in oil or gas pricing policy (including royalties), exploration and development policy, or taxation rules or practice, or renegotiation or nullification of existing concession contracts, could have a material effect on the Group.	The Group operates in jurisdictions with sophisticated tax authorities capable of assessing any adverse impact of any change in legislation before it is enacted.
Availability of Debt finance	The Group uses its Exploration Financing Facility ("EFF"), provided by certain lending banks, to pre- finance the Norwegian Government's tax rebate of losses and to reduce the amount of working capital the Group needs to hold on its balance sheet. The EFF currently has an aggregate commitment limit of NOK800 million. The number of banks willing to provide an EFF is small in number and overall, banks are less and less willing to lend to the oil and gas industry. The reduction in debt capacity may have a serious detrimental impact on the Group's ability to finance its projects.	The Group has strong banking relationships and will continue to foster the same, and is also open to alternative sources of debt finance including pre-payments against future sales and the bond market.

Area	Description	Mitigation
Access to Capital	The Group's business is capital intensive and its projects may be subject to delays or cost over-runs or increased scope and assets may move into the development stage. Moreover any new acquisitions will require further equity capital and new debt facilities. In any of these circumstances the Group will require additional financing from bank, credit or equity markets and the availability of such financing is subject not only to market conditions but also a continued willingness of investors to finance oil and gas companies in an increasingly hostile political and social environment driven increasingly by climate change concerns over energy security.	The Group will endeavour to invest in and acquire assets which meet its environmental and emissions criteria with a view to building a sustainable business that will continue to attract capital.
Volatility of commodity prices	The supply, demand and prices for commodities are volatile and are influenced by factors beyond the Group's control. With increased pressure to reduce GHG emissions by replacing fossil fuel energy generation with zero emission energy generation it is possible that peak demand for oil and gas will be reached, and oil and gas prices will be adversely impacted as and when this happens. A significant prolonged decline in commodity prices could impact the viability of some or all of the exploration, development and producing projects which the Group may propose to acquire. Conversely extremely high oil and gas prices heighten certain risks to the Group namely: the impact on the economy, political and thereby fiscal backlash, even greater competition for assets and the challenge of matching buyer and seller expectations.	Where and when appropriate the Group will put in place suitable hedging arrangements, in accordance with its hedging policy, to mitigate the risk of a fall in commodity prices but such arrangements will only cover the relatively short term, leaving the Group exposed to any longer-term decline in commodity prices, and in addition some of the hedging arrangements entered into by the Group also carry inherent delivery risks.
The Group may face significant competition for acquisition opportunities	There is significant competition from entities which possess greater technical, financial, human and other resources. The Group cannot assure investors that it will be successful against such competition. Such competition may cause the Group to be unsuccessful in executing an acquisition or may result in a successful acquisition being made at a significantly higher price than would otherwise have been the case.	It is not possible to mitigate competition for quality assets, however, the Group seeks to reduce competitive risk by targeting assets where it has a specific knowledge or would likely be a preferred partner.

Area	Description	Mitigation
Reliance on key personnel	The success of the Group, including its ability to identify and complete potential acquisitions, will be dependent on the services of key management and operating personnel, including both its existing Directors and individuals who have yet to be identified. If the Group fails to recruit or retain the necessary personnel, or if the Group loses the services of any of its key executives, its business could be materially and adversely affected.	In order to mitigate this risk, the Group has to offer competitive remuneration and retention packages to incentivise loyalty and good performance from its staff. There can be no mitigation against loss of key personnel resulting from any major accident or other loss of physical wellbeing.
Dilution of shareholders' interest as a result of additional equity financing	The Group may issue a substantial number of additional ordinary shares to complete further acquisitions. An issue of ordinary shares may significantly dilute the value of the ordinary shares held by existing shareholders	Given the market capitalisation of the Group any material acquisition may lead to shareholder dilution. However, the Group will endeavour, where possible, appropriate and cost effective to do so, to make arrangements for all shareholders to participate in any share placing via an open offer.
Functioning M&A market	The extreme movement in oil and gas prices triggered by the invasion of Ukraine will likely impact the M&A market and vendors may defer assets disposal programmes pending a more stable market.	The Group will continue to pursue its acquisition strategy and engage with vendors in the hope and expectation that the current crisis will abate.
Foreign Exchange Rate Volatility	The Group raises equity capital in pounds sterling and reports in the same. However, a significant proportion of the Group's expenditure is in Norwegian kroner and United States dollars and changes in currency values could have a material adverse effect on both the Group's operational results and financial position. This may be exacerbated by a strong US Dollar triggered by the events in Ukraine.	Whilst the Group may hedge against any specific currency exposure of scale, to date it has simply converted its cash to meet its budgeted currency exposure as and when the exchange rates are favourable and so is exposed to any material exchange rate movements.

Directors' report

For the year ended 31 December 2022

The Directors present their annual report with the financial statements of the Company for the period from 1 January to 31 December 2022.

Incorporation and listing

The Company was incorporated on 28 May 2019, was admitted to trading on the AIM market of the London Stock Exchange on 28 November 2019 and re-admitted to trading on the AIM market on 2 September 2021.

Directors

The Directors who have held office during the period and to the date of this report are as follows:

Helge Ansgar Hammer
Chief Executive Officer (Age:61)
Appointed 28 May 2019
Helge has over 30 years' technical and business experience and served as Chief Operating Officer of Faroe Petroleum plc from 2006 until 2020. Prior to joining Faroe Petroleum plc, he was Asset Manager and Deputy Managing Director at Paladin Resources. He holds a degree in Petroleum Engineering from NTH University in Trondheim and in Economics from the Institut Francais du Pétrole in Paris. In addition, he worked for Shell for 13 years as a Reservoir Engineer, Team Leader and Business Manager in Norway, Oman, Australia and the Netherlands.

Jonathan Robert Cooper
Chief Financial Officer (Age:54)
Appointed 3 September 2019
Jonathan has a broad range of experience in mergers, acquisitions, public offerings and financings. He is a chartered accountant by training having qualified with KPMG before joining Dresdner Kleinwort Benson (later Wasserstein) in their Oil and Gas Corporate Finance and Advisory Team. Jonathan is a Fellow of the ICAEW and also has a PhD in Mechanical Engineering from the University of Leeds. In 2006 he was appointed as an Executive Director of Gulf Keystone Petroleum, followed by Sterling Energy plc in 2008, where he was Finance Director. He subsequently joined Lamprell plc as Chief Financial Officer in 2011. Jonathan served as Chief Financial Officer of Faroe Petroleum plc from 2013 until 2019.

Nicholas Andrew Ingrassia
Corporate Development Director (Age 43)
Appointed 1 June 2021
Nick has over 19 years' experience across a wide range of corporate roles in-and-around the oil & gas industry. Nick started his career in banking with roles at Morgan Stanley (energy investment banking) and RBS (structured energy lending & debt advisory) before joining the industry working in business development roles with Valiant Petroleum plc (sold to Ithaca Energy inc in 2013), Salamander Energy plc (sold to Ophir Energy plc in 2015) and Faroe Petroleum plc (sold to DNO ASA in 2019). Most recently, he acted as UK Country Manager for DNO ASA. Nick has MA Hons degree from St Andrews University in Ancient History.

Graham Duncan Stewart
Non-Executive Chairman (Age: 62)
Appointed 3 September 2019
Graham holds an honours degree in Offshore Engineering from Heriot-Watt University and an MBA from Edinburgh University and has over 25 years' experience in oil and gas technical commercial affairs. He founded Faroe Petroleum plc in 1998, where he was Non-Executive Chairman until December 2002 when he became Chief Executive Officer until January 2019 and before that he was with Dana Petroleum plc, the Petroleum Science and Technology Institute and Schlumberger. Graham is also Chair of the Greenland gold mining company AEX Gold inc. Graham is Chairman of the Nomination Committee of the Company.

Brent Cheshire CBE
Senior Independent Non-Executive Director (Age: 68)
Appointed 28 November 2019
Brent commenced his career with Shell as a geologist in its exploration and production division, eventually spending 14 years with the group. In 1991, he joined Amerada Hess, holding a number of senior positions, latterly as Senior Vice President for E&P Worldwide Technology, where he was responsible for all global technical activities. In 2004, he became DONG Energy's first UK employee, as managing director of its UK E&P business. Over the next 13 years, eventually becoming managing director of DONG Wind Power and Chairman of its entire UK

operations; he developed the business into one of the largest acreage holders West of Shetland and the leading offshore wind developer in the UK. Brent was a Director of Faroe Petroleum plc from 2017 until 2019. He is a Professor in Practice at Durham University and was made a CBE in the Queen's Birthday Honours in 2018 for services to the Renewable Energy Sector. He is a Fellow of the Geological Society and a Fellow of the Energy Institute. Brent is Chairman of the Remuneration Committee and a member of the Audit and Nomination Committees.

Katherine Louise Margiad Roe
Independent Non-Executive Director (Age:45)
Appointed 28 November 2019
Katherine's career began in investment banking in the City of London, starting within Morgan Stanley's investment banking division and then as a Director of Investment Banking at Panmure Gordon. For her last four years at Panmure Gordon, she headed up the natural resources team and has extensive experience in oil and gas transactions, advising companies on a range of strategic options and equity capital fund raisings and has led many capital markets and M&A transactions. Katherine is the Chief Executive Officer of Wentworth Resources Plc, an AIM quoted oil and gas company with gas production and extensive exploration interests in the onshore Rovuma Basin of Southern Tanzania. Katherine was an independent Non-Executive Director of Faroe Petroleum plc from 2018 until 2019 and she is also a Non-Executive Director of ITM Power PLC, a leading manufacturer of integrated hydrogen energy solutions. Katherine is Chair of the Audit Committee and a member of the Remuneration Committee.

Jorunn Johanne Saetre
Independent Non-Executive Director (Age: 66)
Appointed 28 November 2019
Jorunn is a chemical engineer, who worked in senior positions with Halliburton, in Norway, Europe and the US, over a 30-year period. Her roles included serving as director of Halliburton's European Research Centre, Head of Halliburton's overall Scandinavian operations and responsibility for Global Production Enhancement activities. In 2008, she was the first to be awarded the title of "Oil Woman of the Year" by Stavanger Society of Petroleum Engineers. Jorunn held a management and business development role with the engineering support group AGR. She is currently project manager with the energy cluster Energy Transition Norway. Jorunn was an Independent Non- Executive Director of Faroe Petroleum plc from 2014 until 2019. She is a member of the Audit and Nomination Committees.

Status and activities
The Company ceased to be an investment company in September 2021 following the acquisition of a package of exploration assets in Norway. The Group is also seeking to secure follow up acquisitions that will deliver assets that are able to meet the Group's investment criteria (including near term cashflow) as well as providing an appropriate basis to build on the Group's objective to become a full-cycle E&P group.

Results and dividends
For the period to 31 December 2022, the Group's loss after taxation was £15.5 million (2021: £4.7 million).

It is the Board's policy that the Company should seek to generate capital growth for its shareholders but may recommend distributions at some future date when the investment portfolio matures, and production revenues are established and when it becomes commercially prudent to do so.

Future developments
The Directors continue to identify acquisition opportunities which will meet the requirements of the Company's strategy.

Share capital
Details of shares issued by the Company are set out in Note 23 to the financial statements.

Conflicts of interest
Under the articles of association of the Company and in accordance with the provisions of the Companies Act 2006, a Director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the Company's interests. However, the Directors may authorise conflicts and potential conflicts, as they deem appropriate. As a safeguard, only Directors who have no interest in the matter being considered will be able to take the relevant decision, and the Directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate. During the financial period from 1 January to 31 December 2022, the directors have authorised no such conflicts or potential conflicts.

Directors' interests in shares

Directors' interests in the shares of the Company, including family interests, as at the date of these accounts remain unchanged:

Director	Ordinary shares 2022*	Ordinary shares 2021*
Helge Hammer	837,023	837,023
Jonathan Cooper	333,432	333,432
Graham Stewart	350,000	350,000
Jorunn Saetre	51,667	51,667
Nicholas Ingrassia	179,023	179,023

**As at the date of publication of the Report and Accounts for each respective year*

Directors' remuneration

Details for remuneration for each Director are provided in the Remuneration Report on pages 31 to 40.

Substantial shareholdings as at 1 March 2023

Shareholder	Number of Ordinary Shares	Shareholding (%)
Progressive Capital Partners	8,855,208	15.6%
BlackRock Investment Managers*	5,940,584	10.5%
SVM Asset Management	4,881,666	8.6%
Fidelity International	4,157,819	7.3%
Janus Henderson Investors	3,000,000	5.3%
Evelyn Partners (Inst)	2,675,835	4.7%
AXA Framlington Investment Managers	2,193,842	3.9%
Canaccord Genuity Wealth Management (Inst)	2,133,332	3.8%

**On 7 March 2023, subsequent to the share register analysis being undertaken, Blackrock notified the Company that their shareholding was below 5%*

Independent auditors

The Directors have reason to believe that BDO LLP conducted an effective audit. The Directors have provided the auditors with full access to all of the books and records of the Group. BDO has expressed its willingness to continue to act as auditors to the Group and a resolution for its re-appointment will be proposed at the forth-coming Annual General Meeting.

Corporate Governance

The Directors recognise the importance of sound corporate governance and their associated report is set out on pages 22 to 40. As a company quoted on AIM, the Company has adopted the Quoted Companies Alliance (QCA) Corporate Governance Code, as amended from time to time.

Engagement with Employees Statement

Aside from the Executive, the Group has a small number of professional employees with one based in the UK and eleven in Norway making engagement straightforward. That said the Group is committed to providing a workplace free of discrimination where all employees are afforded equal opportunities and are rewarded on merit and ability.

Engagement with Stakeholders Statement
This element of reporting is discussed in the §172 Statement on pages 10 & 11.

Financial risk profile
The Group's financial instruments comprise mainly of cash and various items such as payables and receivables that arise directly from the Group's operations. A summary of the principal short term risks and uncertainties facing the Group are set out on pages 12 to 15. Shareholders should refer to the Re-Admission Document of 10 June 2021 for the full schedule of both short and long-term risks.

Political and charitable donations
The Group did not make any political donations or incur any political expenditure during the period (2021: nil).

Statement as to disclosure of information to auditor
So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Group's auditors are unaware, and each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Auditors
BDO LLP were appointed as auditors during the period. The auditors, BDO LLP, will be proposed for re- appointment at the forthcoming Annual General Meeting in accordance with s485 of the Companies Act 2006.

Directors' indemnities
As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity is currently in force. The Company also purchased and maintained throughout the financial period Directors' and Officers' liability insurance in respect of itself and its Directors.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

On behalf of the board

Helge Hammer
Chief Executive

20 March 2023

Directors' responsibilities statement

For the year ended 31 December 2022

The directors are responsible for preparing the Annual 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 the AIM Rules for Companies of the London Stock Exchange they are required to prepare the financial statements in accordance with UK adopted international accounting standards. As ultimate parent of the Group, the Company has taken advantage of Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101), which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of "qualifying entities", that otherwise apply the recognition, measurement and disclosure requirements of UK adopted international accounting standards.

The disclosure exemptions adopted by the Company in accordance with FRS 101 are as follows:

- The requirements under IAS 7 to present a cash flow statement

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 Group and of the profit or loss of the Group for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK adopted international accounting standards (Group) or FRS 101 (Company); 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 the financial statements comply with the requirements of 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.

Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Corporate Governance Statement

For the year ended 31 December 2022

Introduction

The Company is committed to high standards of health, safety and environmental performance. The health and safety of people, the protection of the environment and compliance with all applicable legal and internal requirements as well as industry best practice, is critical to the overall success of the Company. The Company's Business Management System (BMS) provides both the framework and mechanism for setting, monitoring and measuring suitable health, safety and environmental objectives as well as ensuring their continual improvement.

Business Principles and Ethics

The Company is committed to maintaining high standards of corporate governance to ensure that it is managed with openness, honesty and transparency. The Company's Business Principles and Ethics Policy, which can be found on our website, is key to the way we work both internally and externally.

Longboat strives to meet the highest standards of integrity and ethics as it undertakes its activities. To ensure these values are core to the business, they are integrated within the Company's management systems through policies, procedures and project plans. All policies are reviewed and signed off by the Chief Executive Officer which further reinforces our ethos of conducting our business with integrity which is a core principle as we meet the requirements of our strategy.

The Company's operations based in Norway are amongst the most mature oil and gas jurisdictions in the world. This in turn requires the Company to operate to very high regulatory standards for Environmental, Health and Safety legislation.

Environmental stewardship

The Company supports the goals of the Paris Agreement and the net zero emissions by 2050 targets set by the UK Government and the European Commission. Longboat recognises the combined challenge of meeting increasing energy demand driven by a growing global and more affluent population and the urgent need to reduce global carbon emissions. As such, the Company aims to take an active role in driving down carbon emissions from our activities as it develops, acquires further assets and supports the energy transition through playing an active role at a company and industry level to promote best practice in environmental stewardship.

The Company remains committed to reporting consistently and meeting investor needs for transparent environmental disclosure. In 2022 and 2021, Longboat conducted a review of its Corporate Social Responsibility (CSR) reporting and as part of its continual improvement process, the Company chose to report with the requirements of the Sustainable Accounting Standards Board (SASB). As Longboat develops its portfolio it will continue to ensure it has high standards of environmental transparency and reporting relevant to the asset base. Longboat will continue to monitor the evolution of environmental reporting standards and will seek to produce a separate sustainability report as its portfolio grows. The Company also supports the UN Sustainable Development Goals ("SDGs"), in particular SDG 7 Affordable and clean energy, SDG 5 Gender equality, SDG 12 Responsible consumption and production, SDG 13 Climate action and SDG 14 Life below the water. These SDG's will help to guide the Company in minimising the impacts and maximising the benefits of its activities as it develops its business. The Company plans to develop its business so that it has a sustainable strategy as an oil company providing safe and responsible energy at a low cost with low emissions.

Accordingly, the Company is committed to:

- supporting the energy transition through playing an active role to promote best practice in environmental stewardship;
- pursuing a strategy of delivering low Scope 1 and Scope 2 emissions per barrel, to minimise carbon intensity of operations (including no routine flaring) and transparent annual disclosure of GHG emissions;
- prioritising renewable energy sources in the powering of operated and non-operated platforms where possible;
- using an internal carbon price for investment decisions; and
- being net zero by 2050 with an earlier target date to be set dependent on the profile of the assets acquired and the costs of CO_2 abatement and offset solutions.

Greenhouse gas (GHG) emissions

The Company reports its equity share of Scope 1 emissions from exploration drilling and an estimate of its Scope 2 emissions of GHGs, in line with SASB standards (see appendix 1 to the annual report) as part of its annual HSE monitoring programme. GHG emissions are reported annually to the Norwegian Environment Agency and to BEIS (Department for Business, Energy & Industrial Strategy) in the UK. During 2022 Longboat drilled five exploration wells Ginny/Hermine, Kveikje & n'Roll, Cambozola, Copernicus and Oswig (and Oswig sidetrack). Longboat's equity share of Scope 1 Greenhouse gas emissions ("GHG") were 4,023 tonnes (1,667 tonnes) (CO_2, CO, N_2O, nm VOC, NO_x and SO_x), of this 3,976 tonnes of the Scope 1 GHG emissions were CO_2 (2021: 1,639 Scope 1 emissions). It is the Company's intention to acquire oil and gas production and development assets and if successful, the Company will assess and manage the risks of its operations in order to improve its environmental performance on a continual basis. It is the Company's intention that environmental management will be an integral part of the BMS and will include the following activities: environmental permits, identification of main environmental aspects, chemical assessments and substitution plans, environmental reporting, environmental surveys/studies and assessments and oil spill preparedness plans.

Scope 2 GHG emissions comprise those arising from generation of electricity supplied to offices, Longboat has estimated its scope 2 carbon dioxide emissions based on the operation of its larger office based in Stavanger and its smaller office in London, which includes heating, flights, other travel, computer and phone usage. For 2021 these scope 2 emissions were estimated to be approximately 37.9 tonnes of carbon dioxide (2021:10 tonnes). The increase in emissions is a result of a becoming qualified as a licence holder in Norway, with an increased technical staff and a larger office in Stavanger. The methodology and assumptions for estimating Scope 2 Emissions were prepared in conjunction with Thunder Said Energy, the research consultancy for the energy transition, and Proactima's ESG advisory service.

Environmental releases

Longboat has a target of zero acute discharges to sea. Any spill, irrespective of size, is recorded and followed up internally and reported to the authorities. There were no spills in 2022 from the five wells that Longboat had equity interests in (2021: nil).

People and Equal opportunities and discrimination

The Company is an equal opportunities employer and will recruit, employ and develop employees in line with best practice and based on the qualifications, experience and skills required for the work. We consider applications for employment from people regardless of gender, race, age, disability, marital status, sexual orientation or religious belief. We have respect for human dignity and the rights of the individual. We support the principles of, and promote respect for, the Universal Declaration of Human Rights.

Societal contribution

The Company intends to identify impactful community programmes to be funded as part of the longer-term corporate social investment strategy. There is extensive reporting of our statements and policies on issues available on the HSE and Governance section of our website including statements on: Anti-Bribery and corruption; Anti-facilitation of tax evasion; Human Rights; Modern Slavery Statement and Whistleblowing.

Chairman's Governance Statement

As Chairman of the Company, I continue to provide leadership, ensuring that the Board is performing its role effectively and has the capacity, ability, structure, corporate governance systems and support to enable it to continue to do so.

This Governance section of the Annual Report provides an update on our Corporate Governance policy, and includes the Audit Committee Report, the Nomination Committee Report, and the Remuneration Report. In these reports we set out our governance structures and explain how we have applied the Quoted Companies Alliance (QCA) Corporate Governance Code ("QCA Code").

The Directors recognise the importance of sound corporate governance commensurate with the size of the Company and the interests of all shareholders. As a company quoted on AIM, the Company has adopted the QCA Code, as amended from time to time and established its governance structures accordingly during the year. The QCA Code identifies ten corporate governance principles that AIM companies should follow and with which the Company complies as set out below.

The disclosures required to be included in the Company's website in respect of the QCA Corporate Governance Code can be found at www.longboatenergy.com.

Principle 1 - Establish a strategy and business model which promote long-term value for the shareholders

Longboat's strategy and business model are developed by the Chief Executive Officer and approved by the Board. The Executive Committee, led by the Chief Executive Officer, is responsible for implementing the strategy and managing the business of the Company.

Longboat's core strategy remains unchanged, which is to create a full-cycle E&P company, deliver growth and shareholder value through value accretive M&A and exploration drilling. The strategy is to grow the company in a manner that is sustainable both financially and environmentally. Longboat is committed to improving emissions in projects that it is involved in and ultimately to becoming a net zero producer.

Principle 2 - Seek to understand and meet shareholder needs and expectations

The Company seeks to maintain a continuing dialogue with its shareholders to communicate the Company's strategy and results and to understand the needs and expectations of its shareholders. In addition to shareholder General Meetings, the Chief Executive Officer, Corporate Development Director, and the Chief Financial Officer are available to all significant shareholders after the release of the financial results and the announcement of any significant transaction or result.

The Senior Independent Non-Executive Director is available to attend meetings with shareholders without the Executive Directors present, if requested by shareholders. Shareholders are invited to the Annual General Meeting held each year where Board members interact with our shareholders on a one-to-one basis and take questions as they arise.

Principle 3 - Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Company is aware of its corporate responsibilities to its stakeholders including personnel, joint venture partners, regulatory and licensing authorities, the environment and wider society. The environmental impact of the Company's activities are carefully considered and the maintenance of high environmental standards is a key priority and essential for the long-term success of the business.

The Company intends to grow in a manner that is sustainable both financially and environmentally. Longboat is committed to improving emissions in projects that it is involved in and ultimately to becoming a net zero producer.

Principle 4 - Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board is responsible for establishing and maintaining the system of internal controls and risk management systems and reviewing their effectiveness on an ongoing basis. The Directors will continue to assess the principal risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity.

The internal controls are designed to manage rather than eliminate risk and provide reasonable, where possible, but not absolute assurance against material misstatement or loss. The Company has appetite for economic risks as regards the performance of its assets as well as geological risk, both in exploration drilling and field development drilling, up to certain financial thresholds. Needless to say, the Company does not have appetite for risks regarding solvency, health and safety, environmental and reputational matters.

The Company maintains appropriate insurance cover in respect of actions taken against the Directors, as well as against material loss or claims against the Company. The insurance cover in place will be reviewed on a periodic basis.

Principle 5 - Maintain the Board as a well-functioning, balanced team led by the Chairman
Led by the Non-Executive Chairman, the Board comprises three independent Non-Executive Directors and three Executive Directors. All of the Directors are subject to election by shareholders at the first Annual General Meeting after their appointment to the Board and will continue to seek re-election at least once every three years.

The Board is responsible to the shareholders for the proper management of the Company and will meet at least four times a year to set the strategy of the Company and review the operational and financial performance of the Company.

The Board considers itself sufficiently independent. The QCA Code suggests that a board should have at least two independent Non-Executive Directors. Aside from the Chairman, the Board has considered each of the three Non-Executive Directors' length of service and interests in the share capital of the Company and consider that Mr Cheshire, Ms Roe and Ms Saetre are independent.

The Company has put in place Audit, Remuneration, Nomination and Disclosure committees as summarised under principle 9 below.

The Directors are expected to allocate sufficient time to prepare for and attend Board meetings, meetings of Board Committees of which they are members, annual general meetings, and any other shareholder meetings convened from time to time.

The following is a table of Board and Committee meetings held during the period:

Meetings held	Board Meetings[1]	Audit Committee	Nomination Committee	Remuneration Committee
Attendance:				
Executive Directors				
Helge Hammer	4			
Jonathan Cooper	4			
Nicholas Ingrassia	4			
Non-Executive Directors				
Graham Stewart[2]	3		2	
Brent Cheshire	4	4		5
Katherine Roe	4	4		5
Jorunn Sætre[2]	4	3	2	

1. *Excludes meetings called for specific approvals or matters that have the prior general approval of the full Board and are attended by a Committee of Directors*
2. *Non-attendance through temporary illness*

All Directors have disclosed any significant commitments outside their respective duties as Directors and confirmed that they have sufficient time to discharge their duties including Mr Stewart, who is chair of another quoted company and Ms Roe who is an executive director and a non-executive director of two other quoted companies (see biography on page 17).

The Company encourages its Directors not to hold more than five 'mandates' at quoted companies* where, for the purposes of calculating this limit, a non-executive Directorship counts as one mandate, a non-executive Chair counts as two mandates, and a position as executive Director is counted as three mandates. The Directors of the Company hold the following number of mandates none of which, on a weighted basis, exceed the calculation:

Mandates (no)	Non-Executive	Non-Executive Chair	Executive Director	Weighted Score
Executive Directors	-	-	1	3
Jonathan Cooper	-	-	1	3
Helge Hammer	-	-	1	3
Nicholas Ingrassia	1	-	-	4
Non-Executive Directors				
Graham Stewart	-	2	-	4
Brent Cheshire	1	-	-	1
Katherine Roe	2	-	1**	5
Jorunn Sætre	1	-	-	1

** discretion to be applied for companies not on the full list or deemed to be less complex and thereby demanding on a director's time noting that for the purposes of above, no distinction has been made.*

*** CEO role at Wentworth Resources plc will terminate when the conditions precedent in relation to the Wentworth public takeover are fulfilled*.

Principle 6 - Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

Directors who have been appointed to the Board have been chosen because of the skills and experience they offer and their personal qualities and capabilities. The Board will regularly review the composition of the Board to ensure that it has the necessary breadth and depth of skills to support the ongoing strategy of the Company. Refer to the biographies on pages 16 & 17 for details of experience and skills.

The Directors receive updates from the Company Secretary in relation to corporate governance matters and annual AIM Rules briefings from the Company's NOMAD, and each Director takes responsibility for maintaining his or her own skill set, which includes roles and experience with other boards and organisations as well as formal training and seminars.

Each member of the Board is encouraged to put forward areas where the Company can provide appropriate training and developments for which funds will be made available for Directors were relevant and beneficial.

Non-Executive Directors have a contractual right to receive external advice, at the Company's expense, when necessary. In addition, the Directors have direct access to the advice and services of the Company Secretary.

Principle 7 - Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Board continuously evaluates the balance of skills, experience, knowledge, and independence of the Directors. The Board assesses and scrutinises its performance through an annual effectiveness review. Profiles of the skills and experience of the Directors are included in their biographical details on pages 16 & 17. Each year the Nomination Committee carries out an evaluation process of the Board and its Committees, the last being undertaken in December 2022, details of which are included in the Nomination Committee Report on page 30.

Principle 8 - Promote a corporate culture that is based on ethical values and behaviours

The Chief Executive Officer, together with the Board, believe that working with integrity and transparency are the core principles which underpin the Company's behaviour in pursuing its strategic objectives and will be key in delivering success. In an industry that is based on joint ventures, a reputation for ethical behaviour is essential if the Company is to succeed. To ensure these ethical values are core to the business, they are integrated within the Company's BMS through policies and procedures. Corporate governance is considered as being important for maintaining effective controls which helps keeps the confidence and trust of stakeholders high.

Principle 9 - Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Board has overall responsibility for the strategic direction and performance of the Company. The Executive Directors have day-to-day responsibility for the operation of the Company's business and implementing the strategy of the Board.

The Board meets at least four times a year with detailed written reports provided well ahead of such meetings. Written recommendations from the Executive Directors for any major transactions will be delivered to the Board in a timely manner.

There is a clear division of responsibility at the head of the Company. The Chairman is responsible for running the business of the Board and the Chief Executive Officer is responsible for proposing the strategic focus to the Board.

The Company has Audit, Remuneration, Nomination and Disclosure Committees. The Chairman chairs the Nomination Committee. Formal terms of reference have been agreed for each of the Board committees, which are available on the Company's website, and whose responsibilities are summarised below:

Audit Committee: this committee is responsible for monitoring the integrity of the Company's financial statements, reviewing significant financial reporting issues, and overseeing the relationship with the external auditors (including advising on their appointment, agreeing the scope of the audit and reviewing the audit findings). The Audit Committee comprises Katherine Roe (Chair), Brent Cheshire and Jorunn Saetre with Katherine Roe being recognised as having current and relevant financial experience. The Audit Committee will meet at least three times a year at appropriate times in the reporting and audit cycle and otherwise as required and will also meet regularly with the Company's external auditors.

Remuneration Committee: this committee is responsible for determining and agreeing with the Board the framework for the remuneration of the Executive Directors and other designated senior executives and, within the terms of the agreed framework, determining the total individual remuneration packages of such persons including, where appropriate, bonuses, incentive payments and share options or other share awards. The remuneration of Non-Executive Directors will be a matter for the chairman and the executive members of the Board. No Director will be involved in any decision as to his or her own remuneration. The Remuneration Committee comprises Brent Cheshire (Chairman) and Katherine Roe and will meet at least twice a year and otherwise as required.

Nomination committee: this committee is responsible for reviewing the structure, size and composition of the Board and identifying and nominating, for the approval of Board, candidates to fill vacancies on the Board as and when they arise. In addition, this committee is responsible for undertaking the performance review of the Board, its committees and individual directors. The Nomination Committee is comprised of Graham Stewart (Chairman), Jorunn Saetre and Brent Cheshire and meets as required.

Disclosure committee: this committee is responsible for ensuring that the Company makes timely and accurate disclosure of all information that is required to be disclosed to meet its disclosure obligations under the AIM rules. The Disclosure Committee comprises Jonathan Cooper (Chairman), Helge Hammer and Julian Riddick, and will meet as required.

Principle 10 - Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

Beyond the Annual General Meeting, the Chief Executive Officer, Corporate Development Director, and the Chief Financial Officer are available to all significant shareholders after the release of the Company's results. The Chairman and Senior Non-executive Independent Director ('SID') is available to major shareholders. The Chief Executive Officer, the Chairman and the SID are the primary points of contact for the shareholders and are available to answer queries from shareholders throughout the year, subject to the AIM disclosure rules.

The website of the Company will be regularly updated to include all relevant reports and information required under AIM Rule 26. The Company also provides periodic investor and stakeholder updates on the Investor Meet platform that allows all shareholders and stakeholder to participate.

The results of voting on all resolutions at general meetings are posted to the Company's website on a timely basis, including any actions to be taken as a result of resolutions, which received a high percentage of votes against from shareholders. At the 2022 Annual General Meeting, all 12 of the resolutions were passed with all votes cast in favour of all resolutions with the remaining resolution passed with an average of 99.1% of votes in favour, the lowest being 97.4%.

Share dealing

The Company has a share dealing policy regulating trading and confidentiality of inside information for the Directors and other persons discharging managerial responsibilities (and their persons closely associated) which contains provisions appropriate for a company whose shares are admitted to trading on AIM (particularly relating to dealing during closed periods which will be in line with the EU Market Abuse Regulation (No. 596/2014)). The Company takes reasonable steps to ensure compliance by the Directors and any relevant employees with the terms of that share dealing policy. The Directors believe that the share dealing policy adopted by the Board is appropriate for a company quoted on AIM. The Board complies with Rule 21 of the AIM Rules for Companies relating to directors' dealings and takes reasonable steps to ensure compliance by the Company's "applicable employees" (as defined in the AIM Rules for Companies).

Relations with shareholders

The Directors are available for communication with shareholders and all shareholders are encouraged to attend and vote at the forthcoming Annual General Meetings of the Company during which the Board will be available to discuss issues affecting the Company. The Board stays informed of shareholders' views via regular meetings and other communications they may have with shareholders.

Statement of going concern

The Directors have completed the going concern assessment, including considering cash flow forecasts up to the end of 2024, sensitivities, and stress tests to assess whether the Group is a going concern. Having undertaken careful enquiry, the Directors are of the view the Group will need to access additional funds during 2023 in order to fund on-going operations and pursue growth opportunities. It is anticipated these funds will be sourced through asset disposals, farm downs, issuing new equity or combination of these actions. If this is not the case then the Group is forecast to have limited or no liquidity at the end of 2023, given continued drawing under the EFF during 2023. The financial statements for the year to 31 December 2022 have been prepared assuming the Group will continue as a going concern. In support of this, the directors believe the liquid nature of the Norwegian asset market combined with historical shareholder support, adequate funds can be accessed if and when required. However, the ability to access funds is not guaranteed at the date of signing these financial statements. As a consequence, this funding requirement represents a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Internal control

The Board is responsible for establishing and maintaining the Company's system of internal controls and reviewing its effectiveness. Internal control systems are designed to meet the particular needs of the Company and the particular risks to which it is exposed. The procedures are designed to manage rather than eliminate risk and by their nature can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board has reviewed the Company's risk management and control systems and believes that the controls are satisfactory given the nature and size of the Company.

Report of the Audit Committee

The audit committee has three members all of whom are independent non-executive directors being Katherine Roe (Chair), Brent Cheshire and Jorunn Saetre.

Activity during the period

The Audit Committee met three times during the year and with specific regard to the Interim and Annual Report and Accounts, considered Group financial disclosures and accounting matters, including the impact and treatment of standards that came into effect and were proposed.

At the year-end, the Audit Committee paid specific regard to the following two matters where again, significant judgement was required: the carrying values of exploration assets capitalised and impairment assessments being conducted at the year- end (see Financial Review); and the Company's going concern assessment and related disclosures (see note 1.4 to the Annual Report and Accounts):

External audit

The external auditor has unrestricted access to the Chair of the Audit Committee. Audit Committee meetings are also attended by the external auditor where appropriate and, by invitation, the Chairman, Chief Executive Officer, Chief Financial Officer and senior management.

The external audit function plays an important part in Audit Committee's assessment of the effectiveness of financial reporting and associated internal controls and, in turn, the effectiveness and quality of audit is of key importance. The auditors, BDO LLP, have been in place since the Group's formation and, in line with the audit profession's ethical guidance, the current audit engagement partner is due to rotate off the Company's account following the year-ending 31 December 2024 having served for a period of five years.

The Audit Committee reviews the Auditors' independence and monitors and approves the nature and level of non-audit fees payable to them on an annual basis. The Audit Committee believes that certain work of a non-audit nature is best undertaken by the external auditors, and that it is not appropriate to limit the level of such work by reference to a set percentage of the audit fee, as this does not take into account important judgements that need to be made concerning the nature of work undertaken to help safeguard the auditors' independence. In 2022, no non-audit work was undertaken by the auditor outside of the interim review. Details of fees payable to the auditors are set out in note 7.

Roles and Responsibilities

The Committee's roles and responsibilities include; reviewing the consistency of accounting policies; reviewing the accounting of unusual or significant transactions; ensuring fair, complete and accurate disclosure; monitoring the integrity of the Group's financial statements; making recommendations to the Board on the appointment of the Auditors; agreeing the scope of the auditors' annual audit programme and reviewing the output; keeping the relationship with the auditors under review; assessing the effectiveness of the audit process; and developing and implementing policy on the engagement of the auditors to supply non-audit services.

At present, given the relative simplicity of the Company's operations and structure, the Board of Directors as advised by the Audit Committee has retained responsibility for the review of the effectiveness of the Group's internal control and risk management policies and systems. In due course as the Group expands the Audit Committee will assume direct responsibility for the review of the Group's internal control and risk management policies. In the meantime, the Audit Committee has advised the Board that it is satisfied that the Group does not currently require an internal audit function, however, it will continue to review the situation periodically and, where it deems necessary, commission limited internal audit of controls and processes.

Finally, employees are encouraged to report (whistle blow) any incident or suspicion of malpractice or misconduct or if they have any concerns surrounding ethical issues, by speaking directly to their line manager or failing that the Senior Independent Director. During the period no such reports were made. Since the year end, the Company has adopted a formal Anti-Money Laundering Policy.

Report of the Nomination Committee

Committee Composition and Meetings

The Committee is made up of Graham Stewart (non-executive Chairman) together with Jorunn Saetre and Brent Cheshire, both independent non- executive Directors. During 2022 the Committee met twice formally to plan and undertake the annual evaluation of the Board and its committees and consider succession planning for members of the Board and senior executive team.

Roles and Responsibilities of the Committee

The Nomination Committee's primary responsibility is reviewing the structure, size and composition of the Board and identifying and nominating suitable candidates. In particular it:

- reviews the structure, size and composition of the Board;
- carries out succession planning for the Board and senior management;
- is responsible for filling board vacancies when they arise and, before any appointment is made, evaluating the balance of skills, knowledge, experience and diversity on the Board;
- is responsible for using open advertising or appointing any external advisors to facilitate the search for suitable candidates; and
- is responsible for board performance evaluation.

Board Composition

The Committee is aware of the importance of Board diversity issues especially with regard to pertinent skills for our sector and indeed gender balance. At present a third of the Board are female and this is deemed an important element of any future Board appointments. The Committee is also mindful of diversity and the Company is keen make a suitable appointment to increase the diversity of the Board in due course.

Succession Planning

The Executive and Non-executive Directors have been in place for just over three years and so there is no immediate call for succession planning but with an eye to the longer term, the Company has a number of senior managers with the ability to take on an executive function in due course. The identification of future non- executive directors becomes ever more challenging as fewer candidates outside the industry wish to be associated with the E&P sector and this is made even more challenging if the Company is to meet its diversity objectives.

Board Performance Evaluation

Each year the Nomination Committee carries out a Board performance evaluation process, the last being undertaken in December 2022. The evaluation was supported by three processes, namely: a questionnaire focusing on Board and Committee composition and processes together with behaviour and activities; a skills matrix to identify potential gaps in Board and Committee skills, experience and knowledge; and a review of individual director characteristics against a checklist of key qualities.

Overall, the outcome of these separate processes reflects a Board that continues to function very well as a group, with each member contributing effectively. The Board represents a good mix of industry and financial knowledge, and Board discussions are characterised as transparent and collaborative. The following areas have been identified in previous reviews and remain as areas for focus and development:

Subject	Issue	Mitigation/Action
Skills Gap	No Board member is an expert in IT systems	The Board believes that the Company systems are well protected (reviewed and managed by external IT consultant) and currently the Company has limited external exposure but as it grows it may need to address this skills gap
Diversity	Similar ethnicity and background	Whilst one third of the Board is female, efforts should be made, as and when new appointments are made, to add diversity to the background and ethnicity of the Board (notwithstanding the challenges of so doing in this sector)
Ongoing training	Limited in scope	Whilst there are very high levels of experience across the Board, each member is being encouraged to put forward areas where the Company can provide appropriate training

Remuneration Committee - Remuneration Report

Introduction

2022 has been a relatively quiet year for the Remuneration Committee as there have been no material changes to the Company's activities and the expectations of the Executive Directors reflected the Company's performance over the year. Although the Company's share price is a direct factor only on the Company's incentive plans, the Committee is nonetheless cognisant of shareholder sentiment when considering executive salaries and bonuses.

The key remuneration related decisions made by the Committee in 2022 can be summarised as follows:

Base salary increases

Inflationary salary increases were awarded to all employees effective 1 January 2023 at the rate of 8% in the UK and 6% in Norway, where inflation has been lower. Whilst none of the Executive Directors received individual adjustments to their base salary at the end of 2022, the Committee approved the same employee inflationary increases for the Executive Directors, although on a conditional basis as outlined below. The Committee considered carefully the level of increase to award the Executive Directors and determined that the level proposed is appropriate in order to ensure the Executive Director's remuneration arrangements remain sufficiently competitive to motivate and retain the individuals capable of achieving the Company's objectives. However, noting the Company's financial performance in 2022, the Committee determined that this increase should be deferred pending a satisfactory liquidity event sufficient to provide liquidity to execute the Company's business plan for at least the next 12 months (to then be backdated and paid from 1 January 2023).

2022 annual bonus

The 2022 Executive Directors bonus scheme was dependent upon the achievement of various Company KPIs described later in this report. Based on an assessment of the extent to which the relevant targets were achieved, no payments were made under the 2022 bonus scheme in relation to the Executive Directors.

Long Term Incentive Plan (LTIP)

During 2022, the Committee made grants under the Company's LTIP, although none to the Executive Directors. Grants were made to the employees in the form of options to acquire ordinary shares of 10p each in the Company as set out in Note 25.

Co-investment Plan (CIP)

During 2022, various awards were made to the Executive Directors, as well as other employees, as detailed in the Note 25.

Non-Executive Directors' fees and Chairman's fee

During 2022, the Committee reviewed the Chairman of the Board's annual fee and those paid to the Non-Executive Directors were reviewed by the Board. At the direction of the various Non-Executives, no increases in their fees were made at the year end.

Feedback on Directors' Remuneration Report

We welcome questions and feedback from all those interested in this report. At last year's Annual General Meeting, the Committee was very pleased with the strong support by the Company's members for the resolution to approve the Directors' Remuneration Report with 99.96% of votes cast in favour. We also look forward to receiving your support for the Directors' Remuneration Report at the forthcoming AGM.

Summary of the Directors' Remuneration Policy

The Remuneration Committee continues to take the views of shareholders very seriously and these views will be influential in shaping remuneration policy and practice. Shareholder views will be considered when evaluating and setting ongoing remuneration strategy and the Committee commits to consulting with major shareholders prior to any significant changes to its remuneration policy.

The Committee has established the policy on the remuneration of the Executive Directors and the Chairman, and the Board has established a policy on the remuneration of the other Non-Executive Directors.

Executive Directors

The policy on Directors' remuneration is that the overall remuneration package should be sufficiently competitive to attract and retain individuals of a quality capable of achieving the Company's objectives. The objective is for overall remuneration including salary, benefits, bonus and long-term incentives to be at or near the upper quartile for companies considered by the Committee to be comparable to Longboat Energy. Remuneration policy is designed such that individuals are remunerated on a basis that is appropriate to their position, experience and value to the Company.

The current terms and conditions of the Directors service contracts and letters of appointment have been set to reflect the Company's current activities.

The main components of the remuneration policy and how they are linked to and support the Company's business strategy are summarised below:

Objective and link to strategy	Operation	Maximum opportunity	Performance assessment
Base Salary Core element of remuneration, set at a level which is sufficiently competitive to recruit and retain individuals of the appropriate calibre and experience	Salaries are reviewed annually, with any changes being effective from 1 January each year. When determining salaries for the Executives the Committee takes into consideration: When determining salary increases of the Executive Directors, the Committee takes into account the employment conditions and salary increases awarded to employees throughout the Group. Any salary increases will be determined by the Committee. There is no maximum salary opportunity. • Company performance; • the performance of the individual Executive Director; • the individual Executive Director's experience and responsibilities; • pay and conditions throughout the Group; • the impact of inflation on salaries Salaries together with other fixed benefits including pension will be benchmarked periodically against comparable roles at companies of a similar size, complexity and in the Exploration & Production sector, with the objective for total fixed remuneration to be in line with the median peer group.	Salary increases will be determined in accordance with the rationale set out under the column entitled 'Operation'.	Not applicable.

Objective and link to strategy	Operation	Maximum opportunity	Performance assessment
Other benefits Support individuals in carrying out their roles	Reviewed periodically to ensure benefits remain market competitive. Benefits typically comprise life assurance cover, private health care arrangements and permanent health insurance.	Benefit values vary year on year depending on premiums and the maximum potential value is the cost of the provision of these benefits.	Not applicable.
Annual bonus Incentivises the achievement of a range of short-term performance targets that are key to the success of the Company.	Executive Directors will participate in an annual performance related bonus scheme. Bonus scheme awards are awarded annually at the year-end (and will be pro-rated for time). The performance period is one financial year with pay-out determined by the Committee following the year end. At the discretion of the Committee bonus payments can be paid in cash and/or the Company's shares in line with corporate governance best practice. There will be a provision for malus and clawback of bonus payments.	The maximum bonus potential and threshold, for exceptional performance, is 125% of salary. If threshold performance, representing a score of 50%, is achieved 20% of salary can be earned. Bonuses are discretionary and there is no contractual obligation to pay bonuses (other than in exceptional circumstances e.g. where new recruits have foregone a bonus to join the Company).	A performance scorecard is used as a guide for the Committee, which reserves the right to override the formulaic outturn based on a broader assessment of overall Company performance. Performance targets are based on a range of corporate, ESG, operational, financial and executive team performance measures. The precise allocation between measures (as well as the weightings within these measures) is determined by the Committee at the start of each year.

Objective and link to strategy	Operation	Maximum opportunity	Performance assessment
Long-term incentives Incentivises the achievement of long-term financial performance and sustainable returns to shareholders in a way that aligns the interests of Executives and shareholders	As approved by shareholders at admission and at each Annual General Meeting, the Company may issue 15% of its share capital within a ten-year period to satisfy awards to participants in the Long-Term Incentive Plan, Co- Investment Plan, Founders Incentive Plan and any other share plan. Longboat Energy plc Long Term Incentive Plan (LTIP): The Company introduced this employee share plan to provide incentivisation and retention. Longboat Energy plc Co- Investment Plan (CIP): Under the CIP employees can purchase shares in the Company (Investment Shares) which will be matched by nil-cost options (Matching Shares). These options will vest provided participants still hold the Investment Shares and meet other certain performance criteria at the end of a three year period.	The maximum face value of the annual awards is 100% of salary (200% in exceptional circumstances). Employees can invest up to 50% of their pre-tax salary in any financial year to purchase Investment Shares. The maximum match is 1:1 (i.e. one option over a Matching Share for every Investment Share) on a grossed up/pre-tax basis. For the Matching Share award to vest, the price of the Company's shares needs to increase by a minimum of 30% over the three year period.	The Committee will set the performance conditions at the time of each award. Vesting will be subject to continued employment with the Company, satisfaction of the performance conditions and any other terms or conditions determined at the grant stage. The vesting period will typically be three years and set by the Committee at each grant with Awards to Executive Directors being subject to a further two-year post-vesting holding period. The Committee will retain discretion to ensure that participants in the Founder incentive Plan (FIP) will not be paid for the same performance under both the FIP and the LTIP. Malus and clawback provisions apply. The vesting of options over Matching Shares will be subject to continued employment with the Company, satisfaction of the performance targets and any other terms or conditions determined at the grant stage. Performance will be measured at the end of a three year performance period against absolute Total Shareholder Return targets.

Objective and link to strategy	Operation	Maximum opportunity	Performance assessment
Pension to provide competitive levels of retirement benefit.	The Company does not operate a pension scheme, but does, at the Directors' option, contribute to the personal pension plans of each Executive Director, or pays cash in lieu of such contributions. In the UK where such contributions reach the maximum Annual Allowance or an Executive Director has accumulated an amount equivalent to the Lifetime Allowance, such excess contributions are paid as cash.	Executive Directors and all staff receive a contribution to a personal pension scheme or cash allowance in lieu of pension benefits equivalent to 12.5% of salary.	Not applicable.
Shareholding requirement To align Executive Directors' interests with those of shareholders through build-up and retention of a personal shareholding	Executive Directors are required to hold shares with a value equivalent to two times base salary within five years of the 2021 Annual General Meeting	Not applicable	Not applicable

New appointments

The same principles as described above will be applied in setting the remuneration of a new Non-Executive Director. Remuneration will comprise fees only, to be paid at the prevailing rates of the Company's existing Non- Executive Directors.

Remuneration Policy for other employees

The remuneration arrangements for employees will be designed to ensure that they are, in so far as is practicable, also aligned with the Company's objectives:

- the Company's approach to salary reviews is consistent across the Company with consideration given to the level of responsibility, experience, individual performance, salary levels in comparable companies and the Company's ability to pay;
- all employees will participate in the same annual bonus scheme as the Executive Directors with opportunities varying by organisational level; and
- notwithstanding the current companywide pension contribution rate, pension and benefits arrangements may vary according to location and so different arrangements may be put in place in different jurisdictions.

Service contracts and exit payment policy

The service and employment contracts of the Executive Directors are not of a fixed duration and therefore have no unexpired terms, but continuation in office as a Director, is subject to re-election by shareholders as required under the Company's Articles of Association. The Company's policy is for Executive Directors to have service and employment contracts with provision for termination of no longer than 12 months' notice and currently no Executive Director has more than six months'.

The Executive Directors are also entitled to life assurance, travel insurance, permanent health insurance, critical illness cover and 30 days holiday per annum. Their appointment is terminable by six months' notice by either party. Upon a change of control of the Company, the Executive Directors are entitled to terminate their service agreements within three months of the completion of such an event and receive compensation in the form of 6 months' salary and 65% of any bonus paid in the previous period. The agreement also imposes certain restrictions as regards the use of confidential information and intellectual property.

The Non-Executive Directors do not have service contracts. Letters of Appointment provide for termination of the appointment with three months' notice by either party.

Director Executive Directors	Date of service contract	Date of appointment	Notice period by Company or director
Helge Hammer	28 November 2019	28 May 2019	6 months
Jonathan Cooper	28 November 2019	3 September 2019	6 months
Nicholas Ingrassia	9 June 2021	1 June 2021	6 months

Non-Executive Directors	Appointment letter Date	Last Date of Appointment	Notice period by Company or director
Brent Cheshire	28 November 2022	28 November 2025	90 days
Katherine Roe	28 November 2022	28 November 2025	90 days
Jorunn Saetre	28 November 2022	28 November 2025	90 days
Graham Stewart	28 November 2022	28 November 2025	90 days

•the original appointment letters of 28 November 2019 have been renewed for further three year terms.

Founder Incentive Plan

There is an incentive arrangement for the founders of the Company designed to incentivise participants to deliver exceptional returns for shareholders over a five-year period (the "FIP"). Under the FIP, participants are eligible to receive 15% of the growth in returns of the Company from the date of the Company's Admission to AIM should a hurdle of doubling of the total shareholder return be met.

Not more than 10% of the Company's issued ordinary share capital may be issued under the FIP.

Conditional Awards: On 3 July 2020 the following conditional awards, as outlined in the prospectus at the time of the Company's Admission to AIM, were made to the Company's founders under the FIP which are expressed as a percentage of the total maximum potential award, being 10% of the Company's issued share capital. Subject to the performance conditions set out below being met, the awards will be converted into nil cost options over ordinary shares of 10p each in the share capital Company on each measurement date as set out in the following table:

Founder	Percentage entitlement of Initial Award pool	Maximum percentage entitlement of growth in value from IPO	Maximum percentage of issued share capital
Helge Hammer	23.5000%	3.525%	1.48%
Graham Stewart	19.7500%	2.963%	0.62%
Jonathan Cooper	19.1250%	2.869%	0.59%
Julian Riddick	18.5000%	2.775%	0.48%

A further 19.125% entitlement of the initial award with a maximum 2.869% entitlement of growth in value to be converted up to a maximum of 1.9125% of the Company's issued share capital, has been made to trusts established by a further founder.

Performance Conditions - the share price at the date of Admission of the Company to AIM on 28 November 2019 of £1.00 will be used to measure the level of return at each measurement date. Testing of the level of return achieved will be at the end of years three, four and five from the Commencement Date. At each Measurement Date the value of the award will be driven by the return generated above the initial price of £1.00, being the threshold value.

The level of return at the First Measurement Date of 28 November 2022, was not sufficient to enable the awards to vest.

Measurement Date	Threshold Total Shareholder Return	Measurement Total Shareholder Return
Second Measurement Date 28 November 2023	The higher of: • 18.92% compound annual growth from the initial price of £1.00 as at the Second Measurement Date; and • the highest previous measurement total shareholder return which resulted in Conversion.	Average of the market value for the Company's shares for the 30-day period ending on the Second Measurement Date plus the dividends paid per share from 28 November 2019 to the Second Measurement Date.
Third Measurement Date 28 November 2024	The higher of: • 14.87% compound annual growth from the initial price of £1.00 as at the Third Measurement Date; and • the highest previous measurement total shareholder return which resulted in Conversion.	Average of the market value for the Company's shares for the 30-day period ending on the Third Measurement Date plus the dividends paid per Plan Share 28 November 2019 to the Third Measurement Date

If at the Measurement Date at year four the threshold value has been reached, then nil cost options will be awarded of which half will vest and can be exercised immediately. The remaining half will be deferred until the Measurement Date at year five. All nil cost options awarded in respect of the Measurement Date at year five will vest immediately.

Awards of all nil cost options will be made after approval by the Committee taking into account the overall performance of the Company during the performance period. Malus and clawback provisions apply.

Long Term Incentive Plan

The maximum face value of LTIP awards is 100% of salary with up to 200% in exceptional circumstances. The Committee will set the performance conditions at the time of each award, which is likely to be TSR based.

Vesting of LTIP awards will be subject to continued employment with the Company, satisfaction of the performance conditions and any other terms or conditions determined at the grant stage. The vesting period will typically be three years and set by the Committee at each grant with Executive Directors being subject to a further two-year post-vesting holding period. Malus and claw back provisions are expected to apply.

The Company may issue 15% of its share capital within a ten-year period to satisfy awards to participants in the LTIP, FIP, CIP and any other share plan.

No LTIP Awards were made to the Executive Directors in the period but awards to other employees were made in January and August, as summarised in note 25.

Co-investment Plan

Under the CIP employees can purchase shares in the Company (Investment Shares) which will be matched by nil-cost options over shares (Matching Shares). These Matching Shares will vest provided participants still hold the Investment Shares and meet other certain performance criteria at the end of a three- year period. Employees can invest up to 50% of their pre-tax salary in any financial year to purchase Investment Shares.

The maximum match is 1:1 (i.e. one option over a Matching Share for every Investment Share) on a grossed-up/pre-tax basis. For the options to vest, the price of the Company's shares needs to increase by at least 30% over the three year period. The vesting of options over Matching Shares will be subject to continued employment with the Company, satisfaction of the performance targets and any other terms or conditions determined at the grant stage. Performance will be measured at the end of a three year performance period against absolute Total Shareholder Return targets.

On 10 February 2022 conditional awards of Matching Shares were made to the following Executive Directors and other PDMRs:

Executive Director/ PDMR	Investment Shares No.	Value £	Price £	Matching Shares No	Issued Share Capital %
Helge Hammer	30,356	18,000	0.59	24,000	0.06%
Jonathan Cooper	8,432	5,000	0.59	6,667	0.02%
Nick Ingrassia	19,023	10,413	0.55	13,884	0.03%
Hilde Salthe	11,805	7,000	0.59	9,333	0.02%
Julian Riddick	12,648	7,500	0.59	10,000	0.02%

Annual bonus – 2022 structure and outcome

During 2022, the Company operated an annual bonus scheme for all employees and Executive Directors. The maximum level of bonus award for Executive Directors and certain PDMRs for the year was 125% of annual salary. For all participants, 2022 bonus awards were based on achievement against a mixture of Group wide KPIs and personal performance. When determining the level of award attributable to the personal performance element of these individuals' bonuses, consideration was also given to the extent to which they demonstrated the Company's "high performance behaviours" during the period and also the level of their understanding, application and compliance with the Company's various standards and policies.

Taking into account commercial sensitivities around disclosure, a summary of the relevant targets, ascribed weightings and achievement levels is set out below:

- Environment, Social and Governance (weighting 15%) – which includes HSE, governance and sustainability targets (score 15%)
- Corporate & Business development (weighting 30%), which includes new business (score 15%);
- Delivering exploration success (weighting 30%) which includes operational performance (score 10%);
- Financial Performance (weighting 15%) which includes actual/budget targets and debt financing (score 15%);
- Personal performance (weighting 10%) measured by behaviour and performance (score 7.5%)

The score of 47.5% did not meet the minimum threshold of 50% (required to achieve the minimum 20% pay-out) and no performance bonus for the year 2022 was paid to the Executive Directors.

Total Remuneration of Executive Directors

The table below reports the total remuneration for the Executive Directors during the year:

Directors	Base salary £	Bonus[4] £	Other benefits £	Share costs[2] £	2022 Total £	2021 Total[1] £
Helge Hammer[3]	294,643	55,850	1,749	-	352,242	303,503
Jonathan Cooper	250,000	47,360	5,600	-	302,960	245,550
Nicholas Ingrassia	230,000	48,640	3,522	-	282,162	250,806

1. *Column includes a restatement from published prior year accounts, as figure previously included an IFRS 2 "non-cash" accounting charge related to share option costs of £123,223 which has now been omitted. Share benefits will be disclosed at the date of vesting based on the market value of the award.*
2. *Non-cash*
3. *Converted at an exchange rate of 11.86 NOK/£*
4. *2021 performance bonus was not paid in 2021 but was paid in 2022 as it was conditional upon resolution of uncertainty around EFF facility following the tax changes in Norway*

Total Remuneration of Non-Executive Directors

Directors	Base fee £	Additional fee[2] £	Other benefits £	2022 Total £	2021 Total[1] £
Graham Stewart	103,750	-	6,565	110,315	101,403
Brent Cheshire	70,000	-	-	70,000	63,000
Katherine Roe	60,000	-	-	60,000	54,000
Jorunn Saetre[3]	49,928	-	-	49,928	44,535

1. *Actual fees paid over the year (increased mid-year at 1 July 2021)*
2. *For chairing the Nomination, Remuneration and Audit Committees & acting as Senior Independent Director*
3. *Converted at an exchange rate of 11.86 NOK/£*

Total pension contributions made to the Executive Directors

The table below reports the pension contributions made to the Executive Directors during the year:

Directors	2022 Total £	2021 Total £
Helge Hammer	37,010	-
Jonathan Cooper	31,250	11,333
Nicholas Ingrassia	28,750	13,333

1. *Converted at an exchange rate of 11.86 NOK/£*

Independent Auditor's Report

For the year ended 31 December 2022

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Longboat Energy plc (the 'Parent Company') and its subsidiary (the 'Group') for the year ended 31 December 2022 which comprise the statement of comprehensive loss, the Group and Company statements of financial position, the Group and Company statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

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

Independence

We remain independent of the Group and the Parent 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.

Material uncertainty related to going concern

We draw your attention to note 1.4 of the financial statements, which explains that the Parent Company's and Group's ability to continue as a going concern is dependent on accessing additional funds in order to meet its expected liabilities and commitments as they fall due. These events or conditions, along with other matters as set out in note 1.4 indicate that a material uncertainty exists, which may cast significant doubt over the Parent Company's and Group and Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

We have determined going concern to be a key audit matter as a result of the judgments and estimates made by the Directors and significance of this area.
Our evaluation of the Directors' assessment of the Parent Company's and Group's ability to continue to adopt the going concern basis of accounting and our response to this key audit matter is set out below:

- We evaluated the Board papers assessing going concern for the forecast period and the assessment of risks and uncertainties together with the supporting cash flow forecasts prepared by Directors. In doing so, we formed our own assessment of risks and uncertainties based on our understanding of the business, current economic situation, oil and gas sector, including its regulatory environment;
- We examined the cash flow forecasts and challenging the significant assumptions made by the Directors in preparing the projections including comparing forecast general and administrative costs to recent actuals and comparing the inflation and foreign exchange rate assumptions to market data;
- We evaluated the Director's forecasting accuracy by comparing actual costs incurred in 2022 to previous budgets in relation to operating and exploration expenditures;
- We checked that the forecast appropriately reflects the amended Exploration Finance Facility agreement;
- We considered the Director's sensitivity analysis and performed our own sensitivity analysis on the forecasts in respect of cost inflation, foreign exchange rate volatility and exploration overruns;
- We evaluated the feasibility of the Board's proposals for securing additional funding which included assessment of the period available for funding to be secured, the licences available for disposal / farm-down and the history of access to equity funding; and
- We have reviewed the adequacy of disclosures in the financial statements in respect of going concern based on the results of our evaluation.

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

Overview

Coverage	*100% of total assets and loss for the year (2021: 100% of total assets and loss for the year)*		
Key audit matters		**2022**	**2021**
	Carrying value of exploration assets	X	X
	Going concern	X	X
Materiality	*Group financial statements as a whole* *Group Materiality was determined based on 1% of total assets as at year-end, which has been calculated at £0.9m (2021: £0.6m based on 1% of total assets).*		

An overview of the scope of our audit
Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by management that may have represented a risk of material misstatement.

We identified two significant components, being the two entities in the Group comprising the Parent Company and its Norwegian subsidiary. The Group audit team performed a full scope audit on the Parent Company. The Norwegian component was subject to a full scope audit by a BDO member firm.

Our involvement with component auditors

For the work performed by the component auditor, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our involvement with component auditors included the following:

- Detailed Group reporting instructions were sent to the component auditor, which included the significant areas to be covered by the audit (including the area that was considered to be a key audit matter as detailed below), and set out the information required to be reported to the Group audit team.
- We performed a remote review of the component audit files in Norway using our online audit software platform and held regular calls and videoconferences with the component audit team during the audit.
- The Group audit team was actively involved in the direction of the audits performed by the component auditor for Group reporting purposes, along with the consideration of findings and determination of conclusions drawn. We performed our own additional procedures in respect of the significant risk areas that represented Key Audit Matters in addition to the procedures performed by the component auditor.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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, including 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 forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section of our report, we determined the matter below to be a key audit matter.

Key audit matter		How the scope of our audit addressed the key audit matter
Carrying value of exploration assets (see notes 3, 9, 12 and 28)	The exploration assets form a significant part of the Group's statement of financial position. The Directors are required to consider if there are any impairment indicators in accordance with IFRS 6 "Exploration and evaluation of mineral resources" ("IFRS 6"). If an indication of impairment exists, the Directors are required to perform a full impairment assessment in accordance with IAS 36 "Impairment of assets" ("IAS 36"). As detailed in notes 3, 9 and 12 the Directors identified impairment indicators in respect of the Rodhette, Ginny/Hermine, Cambozola and Copernicus licences and recorded an impairment expense of £42.9 million.	• We assessed the Group's accounting policy with respect to exploration and evaluation costs and the appropriateness of the cash generating unit allocation for impairment indicator assessment purposes against IFRS 6, the Group's exploration strategy and licence structure; • We inspected the licences to check their validity; • We made inquiries of Management and the Directors to understand the drilling results and further plans for exploration and appraisal on the fields drilled as part of exploration program. • We corroborated the exploration status and management's assessment of drilling results with respect to each licence through discussions with the Group's geologists;

Key audit matter		How the scope of our audit addressed the key audit matter
Carrying value of exploration assets (see notes 3, 9, 12 and 28)	Subsequent to the year-end, the Egyptian Vulture licence was relinquished resulting in the related capitalised exploration costs in the amount of £11.3 million being impaired as detailed in note 28. No impairment indicators were identified in respect of the remaining licences at year end. We consider this area to be a key audit matter due to the significance of the carrying value of these exploration assets and the level of judgement being exercised in the impairment indicator review and resulting impairment assessments.	• For those licences Rodhette, Ginny/Hermine, Cambozola and Copernicus , where the decision was taken to discontinue with exploration due to limited or no prospectivity, we obtained evidence of the licence partners' position, including the licence operator and, where applicable, correspondence with the government related to discontinuance of the licence; • We inspected the Group's budget and strategic plans for future exploration and development to check that expenditure has been planned and budgeted to maintain the unimpaired licences; • We considered the Directors' judgment that the study results and decision to relinquish the licence in 2023 on the Egyptian Vulture licence represented a non-adjusting subsequent event. In doing so we obtained operator's reports and made inquiries of the Group's geologists to understand the timing of substantive evidence of the well studies being completed and the licence partners' evaluation; • We reviewed public announcements, board minutes, press releases and results of activities carried out in the year on the licence areas for evidence of indicators of impairment. **Key observations:** Based on the procedures performed we consider the judgements made in determining the carrying value of the exploration assets to be reasonable.

•

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statements	
	2022 £m	**2021** £m	**2022** £m	**2021** £m
Materiality	0.9	0.6	0.3	0.4
Basis for determining materiality	1% of total assets	1% of total assets	1% of total assets	1% of total assets
Rationale for the benchmark applied	Given the asset-based focus of the business with its significant exploration asset base we considered it appropriate to adopt a total assets-based measure of materiality.	Given the asset-based focus of the business with its significant exploration asset base we considered it appropriate to adopt a total assets-based measure of materiality.	Given the asset-based focus of the business as a holding company we considered it appropriate to adopt a total assets-based measure of materiality.	Given the asset-based focus of the business as a holding company we considered it appropriate to adopt a total assets-based measure of materiality.
Performance materiality	0.7	0.45	0.2	0.3
Basis for determining performance materiality	75% of materiality Performance materiality was set at 75% based on consideration of factors including the level of historical errors and nature of activities.			

Component materiality
Component materiality for the Norwegian component, which represented the only component other than the Parent Company, was set at £715,000 (2021: £450,000) based on 1% of the component's total assets. In the audit of the component, we further applied performance materiality levels of 75% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold
We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £26,000 (2021: £12,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information
The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 of 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 this gives rise to 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on 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 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 the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Matters on which we are required to report by exception	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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or the Parent Company 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, 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 Group'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 Group 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.

Extent to which the audit was capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

- We obtained an understanding of the Group's activities and considered the laws and regulations of the UK and Norway to be of significance in the context of the Group audit. In doing so, we made inquiries of management and the Audit Committee, considered the Group's control environment as it pertains to compliance with laws and regulations and considered the activities of the Group. We determined the most significant laws and regulations to be AIM Listing Rules, Companies Act 2006 and Norwegian Company Tax Law.
- We made inquiries of management and the Board and reviewed Board and Committee minutes to identify any instances of irregularities or non-compliance.
- We involved Norwegian tax specialists from a BDO member firm in our audit to evaluate the appropriateness of recognition of tax receivables under the Norwegian tax regulations.

We assessed the susceptibility of the financial statements to material misstatement, including fraud and considered the fraud risk areas to be management override of controls.

Our procedures included:

- We agreed the financial statement disclosures to underlying supporting documentation, performed detailed testing on accounts balances which were considered to be at a greater risk of susceptibility to fraud and reviewed correspondence with relevant authorities, such as the Norwegian tax authority, in so far as the correspondence related to the financial statements.
- In addressing risk of management override of control, we performed testing of general ledger journal entries to the financial statements, including verification of journals which we consider exhibit higher fraud risk characteristics based on our understanding of the Group.
- We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and the component auditors as part of meetings at the planning stage and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: 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 Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ryan Ferguson (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Chartered Accountants
London
20 March 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of Comprehensive Loss

For the year ended 31 December 2022

GROUP	Notes	2022 £	2021 £
Administrative expenses		(5,406,990)	(4,282,920)
Share based charge		(306,439)	(255,787)
Depreciation		(141,658)	(30,057)
Exploration and evaluation impairments	9	(42,877,022)	(6,399,134)
Operating loss	**6**	**(48,732,109)**	**(10,967,898)**
Finance income	5	150,869	11,412
Finance costs	8	(1,488,854)	(484,527)
Net foreign exchange gain/(loss)		681,746	(151,369)
Loss before taxation		**(49,388,348)**	**(11,592,382)**
Income tax credit	10	33,915,741	6,911,762
Loss for the year		**(15,472,607)**	**(4,680,620)**
Other comprehensive (expense)/income			
Currency translation (expense)/income		(19,754)	580,447
Total items that may be reclassified to profit or loss		**(19,754)**	**580,447**
Total other comprehensive (expense)/income for the year		**(19,754)**	**580,447**
Total comprehensive loss for the year		**(15,492,360)**	**(4,100,173)**
Loss per share	**11**	**pence**	**pence**
Basic		(27.30)	(12.97)
Diluted		(27.30)	(12.97)

COMPANY			
Loss for the year		(15,476,033)	(4,469,763)
Total comprehensive expenses for the year		**(15,476,033)**	**(4,469,763)**

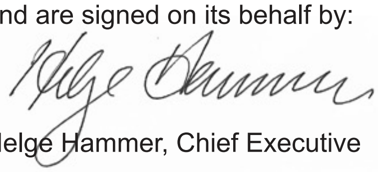
As permitted by section 408 of the Companies Act 2006 the Company has elected not to present a separate statement of profit or loss and other comprehensive income.

Statement of Financial Position

As at 31 December 2022

GROUP	Notes	2022 £	2021 £
Non-current assets			
Exploration and evaluation assets	12	34,661,436	23,988,754
Property, plant and equipment	13	66,107	29,600
Trade and other receivables	16	98,368	-
Right of use asset	13	447,396	560,709
		35,273,307	**24,579,063**
Current assets			
Cash and cash equivalents		12,059,561	26,282,067
Inventories	15	123,432	92,798
Trade and other receivables	16	934,918	1,136,081
Current tax recoverable	17	40,755,157	8,149,906
		53,873,068	**35,660,852**
Total assets		**89,146,375**	**60,239,915**
Current liabilities			
Trade and other payables	18	5,225,497	4,772,167
Lease liabilities	19	122,612	96,172
Exploration Finance Facility bank borrowings	18	36,761,340	-
		42,109,449	**4,868,339**
Net current assets		**11,763,619**	**30,792,513**
Non-current liabilities			
Leases liabilities	19	366,968	486,630
Deferred tax liabilities	**20**	**25,736,898**	**18,766,424**
		26,103,866	19,253,054
Total liabilities		**68,213,315**	**24,121,393**
Net assets		**20,933,060**	**36,118,522**
Equity			
Called up share capital	23	5,666,665	5,666,665
Share premium account	24	35,570,411	35,570,411
Other reserves		450,000	450,000
Share option reserve	25	660,449	353,550
Currency translation reserve	26	561,242	580,996
Retained earnings		(21,975,707)	(6,503,100)
Total equity		**20,933,060**	**36,118,522**

The financial statements were approved by the board of directors and authorised for issue on 20 March 2023 and are signed on its behalf by:



Helge Hammer, Chief Executive

Statement of Financial Position

As at 31 December 2022

COMPANY	Notes	2022 £	2021 £
Non-current assets			
Investments	14	13,465,865	26,617,915
Property, plant and equipment	13	14,266	19,567
Intercompany receivables	16	2,980,695	1,830,078
		16,460,826	**28,467,560**
Current assets			
Cash and cash equivalents		4,129,761	7,209,314
Trade and other receivables	16	359,422	283,073
		4,489,183	**7,492,387**
Total assets		**20,950,009**	**35,959,947**
Current liabilities			
Trade and other payables	18	458,256	299,060
		458,256	**299,060**
Net current assets		**4,030,927**	**7,193,327**
Total liabilities		**458,256**	**299,060**
Net assets		**20,491,753**	**35,660,887**
Equity			
Called up share capital	23	5,666,665	5,666,665
Share premium account	24	35,570,411	35,570,411
Other reserves		450,000	450,000
Share option reserve	25	660,449	353,550
Retained earnings		(21,855,772)	(6,379,739)
Total equity		**20,491,753**	**35,660,887**

The financial statements were approved by the board of directors and authorised for issue on 20 March 2023 and are signed on its behalf by:

....

Helge Hammer
Chief Executive

Company Registration No. 12020297

Statement of Change in Equity

For the year ended 31 December 2022

GROUP	Share Capital £	Share Premium Account £	Share option reserve £	Currency translation reserve £	Other reserves £	Retained earnings £	Total £
Balance at 1 January 2021	1,000,000	7,808,660	97,763	549	450,000	(1,822,480)	7,534,492
Year ended 31 December 2021							
Loss for the year	-	-	-	-	-	(4,680,620)	(4,680,620)
Other comprehensive income	-	-	-	580,447	-	-	580,447
Issue of share capital	4,666,665	30,333,334	-	-	-	-	34,999,999
Credit to equity for equity settled Share-based payments	-		255,787	-	-	-	255,787
Costs of share issue	-	(2,571,583)	-	-	-	-	(2,571,583)
Balance at 31 December 2021	**5,666,665**	**35,570,411**	**353,550**	**580,996**	**450,000**	**(6,503,100)**	**36,118,522**
Year ended 31 December 2022							
Loss of the year	-	-	-	-	-	(15,472,607)	(15,472,607)
Other comprehensive expense	-	-	-	(19,754)	-	-	(19,754)
Credit to equity for equity settled share-based payments	-	-	306,899	-	-	-	306,899
Balance at 31 December 2022	**5,666,665**	**35,570,411**	**660,449**	**561,242**	**450,000**	**(21,975,707)**	**20,933,060**

Statement of Change in Equity

For the year ended 31 December 2022

COMPANY	Share Capital £	Share Premium Account £	Share option reserve £	Currency translation reserve £	Other reserves £	Retained earnings £	Total £
Balance at 1 January 2021	1,000,000	7,808,660	97,763	-	450,000	(1,909,976)	7,446,447
Year ended 31 December 2021							
Loss and total comprehensive expense for the year	-	-	-	-	-	(4,469,763)	(4,469,763)
Issue of share capital	4,666,665	30,333,334	-	-	-	-	34,999,999
Credit to equity for equity settled share-based payments	-	-	255,787	-	-	-	255,787
Costs of share issue	-	(2,571,583)	-	-	-	-	(2,571,583)
Balance at 31 December 2021	**5,666,665**	**35,570,411**	**353,550**	**-**	**450,000**	**(6,379,739)**	**35,660,887**
Year ended 31 December 2022							
Loss and total comprehensive expense for the year	-	-	-	-	-	(15,476,033)	(15,476,033)
Credit to equity for equity settled share-based payments	-	-	306,899	-	-	-	306,899
Balance at 31 December 2022	**5,666,665**	**35,570,411**	**660,449**	**-**	**450,000**	**(21,855,772)**	**20,491,753**

Statement of Cash Flow

For the year ended 31 December 2022

GROUP	Notes	2022 £	2022 £	2021 £	2021 £
Cash flow from operating activities					
Cash (absorbed by operations)	29		(3,562,988)		(3,749,247)
Tax refunded			1,076,525		1,429,635
Net cash outflow from operating activities			**(2,486,463)**		**(2,319,612)**
Investing activities					
Purchase of exploration and evaluation assets		(53,763,399)		(26,961,528)	
Decrease in capital expenditure related payables		(657,027)		-	
Tax refund relating to investing activity		7,204,438		17,173,053	
Purchase of property, plant and equipment		(59,903)		(25,769)	
Interest received		150,869		11,412	
Net cash (used in) from investing activities			**(47,125,022)**		**(9,802,832)**
Financing activities					
Issue of ordinary shares		-		32,428,416	
Loan drawdowns		36,761,340		-	
Interest paid		(938,519)		(484,527)	
Lease liabilities		(103,812)			
Loan facility fees		(344,583)		(604,085)	
Net cash generated from financing activities			**35,374,426**		**31,339,804**
Net (decrease)/increase in cash and cash equivalents			**(14,237,059)**		**19,217,360**
Cash and cash equivalents at beginning of year			26,282,067		7,016,199
Foreign exchange			14,553		48,508
Cash and cash equivalents at end of year			**12,059,561**		**26,282,067**
Relating to:					
Bank balances and short term deposits			12,059,561		26,282,067

Notes to the Financial Statements

For the year ended 31 December 2022

1. Accounting policies

Company information

Longboat Energy plc is a public quoted company, limited by shares, incorporated in England and Wales. The registered office is 5th Floor One New Change, London, EC4M 9AF.

1.1. Accounting convention

The financial statements have been prepared in accordance with UK adopted international accounting standards and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, except as otherwise stated. As ultimate parent of the Group, the Company has taken advantage of Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101), which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of "qualifying entities", that otherwise apply the recognition, measurement and disclosure requirements of UK adopted international accounting standards.

The disclosure exemptions adopted by the Company in accordance with FRS 101 are as follows:

- The requirements under IAS 7 to present a cash flow statement

In 2021 the Company only accounts were prepared under full UK adopted international accounting standards.. The only change under FRS 101 in 2022 is the exemption to prepare the cash flow.

The financial statements are prepared in sterling, which is the functional currency of the Group. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2. Foreign currencies

The functional currency for the UK entity is sterling and the functional currency for Longboat Energy Norge AS is Norwegian kroner.

Transactions in foreign currencies during the year are recorded in the functional currency at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities are translated at the rate ruling on the Balance Sheet date and any gains and losses on translation are reflected in the Income Statement.

The assets and liabilities of foreign operations are translated into sterling at the rate of exchange ruling at the Balance Sheet date. Income and expenses are translated at the rate of exchange ruling at the date of the transaction. The resulting exchange differences on assets and liabilities of such foreign operations are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the Income Statement.

1.3. Joint arrangements

Judgement is required to determine when the Group has joint control over an arrangement, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. The Group has determined that the relevant activities for its joint arrangements are those relating to the operating and capital decisions of the arrangement, including the approval of the annual capital and operating expenditure work programme and budget for the joint arrangement, and the approval of chosen service providers for any major capital expenditure as required by the joint operating agreements applicable to the entity's joint arrangements. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries, as set out in Note 2. Judgement is also required to classify a joint arrangement. Classifying the arrangement requires the Group to assess their rights and obligations arising from the arrangement. Specifically, the Group considers:

- the structure of the joint arrangement; whether it is structured through a separate vehicle;
- when the arrangement is structured through a separate vehicle, the Group also considers the rights and obligations arising therefrom:
- the legal form of the separate vehicle; the terms of the contractual arrangement, or other facts and circumstances, considered on a case by case basis.

This assessment often requires significant judgement. A different conclusion about both joint control and whether the arrangement is a joint operation or a joint venture, may materially impact the accounting.

A Joint Operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangements.

In relation to its interests in joint operations, the Group recognises its:

- assets, including its share of any assets held jointly;
- liabilities, including its share of any liabilities incurred jointly;
- revenue from the sale of its share of the output arising from the joint operation;
- share of the revenue from the sale of the output by the joint operation; and
- expenses, including its share of any expenses incurred jointly.

1.4. Going concern

The Directors have completed the going concern assessment, including considering cash flow forecasts up to the end of 2024, sensitivities, and stress tests to assess whether the Group is a going concern. Having undertaken careful enquiry, the Directors are of the view the Group will need to access additional funds during 2023 in order to fund on-going operations and pursue growth opportunities. It is anticipated these funds will be sourced through asset disposals, farm downs, issuing new equity or combination of these actions. If this is not the case then the Group is forecast to have limited or no liquidity at the end of 2023, given continued drawing under the EFF during 2023. The financial statements for the year to 31 December 2022 have been prepared assuming the Group will continue as a going concern. In support of this, the directors believe the liquid nature of the Norwegian asset market combined with historical shareholder support, adequate funds can be accessed if and when required. However, the ability to access funds is not guaranteed at the date of signing these financial statements. As a consequence, this funding requirement represents a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

1.5. Medium term sustainability

In the medium term, new acquisitions and developments resulting from exploration success will require further equity capital and new debt facilities. In any of these circumstances the Company will require additional financing from the equity markets and the bank or credit markets. Availability of such financing is subject not only to market conditions but also a continued willingness of investors to finance oil and gas companies.

1.6. Oil and Gas Assets

Capitalisation

Pre-acquisition costs on oil and gas assets are recognised in the Income Statement when incurred. Costs incurred after rights to explore have been obtained, such as geological and geophysical surveys, drilling and commercial appraisal costs and other directly attributable costs of exploration and appraisal including technical and administrative costs are capitalised as intangible exploration and evaluation ("E&E") assets. The assessment of what constitutes an individual E&E asset is based on technical criteria but essentially either a single licence area or contiguous licence areas with consistent geological features are designated as individual E&E assets.

E&E costs are not amortised prior to the conclusion of appraisal activities. Once active exploration is completed the asset is assessed for impairment. If commercial reserves are discovered then the carrying value of the E&E asset is reclassified as a development and production ("D&P") asset, following development sanction, but only after the carrying value is assessed for impairment and where appropriate the carrying value adjusted. If commercial reserves are not discovered the E&E asset is written off to the Income Statement.

Oil and gas assets include rights in respect of unproved properties. Property, plant and equipment, including expenditure on major inspections, and intangible assets are initially recognised in the Balance Sheet at cost where it is probable that they will generate future economic benefits. This includes capitalisation of decommissioning and restoration costs associated with provisions for asset retirement.

Property, plant and equipment and intangible assets are subsequently carried at cost less accumulated depreciation, depletion and amortisation (including any impairment). Gains and losses on disposals are determined by comparing the proceeds with the carrying amounts of assets sold and are recognised in income, within interest and other income.

1.7. License and Property Acquisition Costs

Exploration licence costs are capitalised in intangible assets. Licence and property acquisition costs are reviewed at each reporting date to confirm that there is no indication that the carrying amount exceeds the recoverable amount. This review includes confirming that exploration drilling is still under way or firmly planned, or that work is under way to determine that the discovery is economically viable. If no future activity is planned or the licence has been relinquished or has expired, the carrying value of the licence and property acquisition costs are written off through the statement of profit or loss and other comprehensive income. Upon recognition of proved reserves and internal approval for development, the relevant expenditure is transferred to oil and gas properties.

1.8. Development Costs

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells is capitalised within property, plant and equipment.

1.9. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	20% straight line
Computers	33.33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.10. Non-current investments
A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.11. Impairment of tangible and intangible assets
At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Any evidence on the performance of the assets received following the end of the period, which could not have been established during the current period will be recognised in a subsequent period rather than in the current period.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than the carrying amount, then the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of the recoverable amount, capped such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Impairment of intangible assets is assessed when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The facts and circumstances used are in accordance with those dictated by IFRS 6 and if any of those circumstances are present than and impairment test is performed in accordance with IAS 36 and any loss recognised. An exploratory well in progress at period end which is determined to be unsuccessful subsequent to the balance sheet date based on substantive evidence obtained during the drilling process in that subsequent period is treated as a non-adjusting subsequent event.

1.12. Inventories
Materials and supplies inventories are valued at the lower of cost or net realisable value. The cost of materials is the purchase cost, determined on a first-in, first-out basis.

1.13. Cash and cash equivalents
Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term liquid investments with original maturities of three months or less.

1.14. Financial assets
Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Financial assets at fair value through profit or loss

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognised initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

Financial assets at fair value through other comprehensive income

The Company has made an irrevocable election to recognise changes in fair value of investments in equity instruments through other comprehensive income, not through profit or loss. A gain or loss from fair value changes will be shown in other comprehensive income and will not be reclassified subsequently to profit or loss. Equity instruments measured at fair value through other comprehensive income are recognised initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to retained earnings when an equity instrument is derecognised or its fair value substantially decreased. Dividends are recognised as finance income in profit or loss.

Impairment of financial assets

Financial assets, other than those measured at fair value through profit or loss, are assessed for impairment at each reporting end date.

For trade receivables and intercompany receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. Due to the nature of the balances the Company has determined that a provisions matrix is not appropriate and applies a scenario based approach to estimate lifetime ECL.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.15. Financial liabilities

The Company recognises financial debt when the Company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either ‘financial liabilities at fair value through profit or loss’ or ‘other financial liabilities’.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of selling or repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

Other financial liabilities
Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities
Financial liabilities are derecognised when, and only when, the Company's obligations are discharged, cancelled, or they expire.

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

Current tax
The tax currently payable is based on taxable profit for the year. 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 Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

The Group benefits from tax legislation in Norway which allows tax to be reclaimed on specific exploration activity. This allows the Group to recognise a tax receivable.

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 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 goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end 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. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.17. Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.18. Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.19. Leases

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the Company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the Company's estimate of the amount expected to be payable under a residual value guarantee; or the Company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

1.20. Reserves

Share capital

Share capital represents the nominal value of shares issued less the nominal value of shares repurchased and cancelled.

Share premium
This reserve represents the difference between the issue price and the nominal value of shares at the date of issue, net of related issue costs and share premium cancelled.

Share based payment reserve
This reserve represents the potential liability for outstanding equity settled share options.

Retained earnings
Net revenue profits and losses of the Group which are revenue in nature are dealt with in this reserve.

Currency translation reserve
This reserve represents foreign exchange differences on the revaluation of the foreign subsidiary.

Other reserves
Other reserves relate to the nominal value of share capital repurchased and cancelled.

1.21. Share based payments
Employees (including senior executives) of the Group receive remuneration in the form of share-based payment transactions which are equity settled. The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuer using an appropriate pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The Income Statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

The key areas of estimation regarding share based payments are: share price volatility; and estimated lapse rates.

No adjustments are made in respect of market conditions not being met, neither the number of instruments nor the grant-date fair value is adjusted if the outcome of the market condition differs from the initial estimate.

Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified. An additional expense is recognised for any modification, which increases the total fair value of the share based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

2. Adoption of new and revised standards and changes in accounting policies

In the current year, the following new and revised Standards and Interpretations have been adopted by the company. None of these new and revised Standards and Interpretations had an effect on the current period or a prior period but may have an effect on future periods:

		Effective from:
IFRS 3 (Amendments)	Reference to the conceptual framework	1 January 2022
IAS 16 (Amendments)	Property, plant and equipment – proceeds before intended use	1 January 2022
IAS 37 (Amendments)	Onerous contracts – cost of fulfilling a contract	1 January 2022
Annual Improvements 2018-2020 cycle	Amendments to IFRS 1 (subsidiary as a first-time adopter), IFRS 9 (fees in the '10 percent' test for derecognition of financial liabilities), IFRS 16 (lease incentives), IAS 41 (taxation in the fair value measurements)	1 January 2022

Standards which are in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not yet been applied in these financial statements, were in issue but not yet effective:

		Effective from:
IFRS 17	Insurance contracts	1 January 2023
IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies	1 January 2023
IAS 8 (Amendments)	Definition of accounting estimates	1 January 2023
IAS 12 (Amendments)	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
IFRS 16 (Amendment)	Liability in a Sale and Leaseback	1 January 2024
IAS 1 (Amendments)	Classification of liabilities as current or non-current – deferral of effective date	1 January 2024
IAS 1 (Amendments)	Non-current Liabilities with covenants	1 January 2024

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company aside from additional disclosures.

The Company plans to adopt the above standards when from the effective dates noted in the table above.

3. Critical accounting estimates and judgements

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Exploration and evaluation assets (note 6 and 12)
Judgement is required to determine whether impairment indicators exist in respect of the Group's exploration assets recognised in the statement of financial position. The Group has to take into consideration whether the assets have suffered any impairment, taking into consideration the results of the drilling to date, and the likelihood of reserves being found. The Group relies upon information from third parties to take these decisions, and can be subject to change, if future information becomes available. As at 31 December 2022 the Group determined that impairment of £42.9 million was required in respect of the exploration licences detailed in note 6 and 12.

Post the period end the Egyptian Vulture licence was relinquished, with the partners being unable to agree on the way forward following extensive technical work. As the information that led to the decision to relinquish was established post year end, this is a non-adjusting post balance sheet event and is disclosed in the post balance sheet event note 28. The balance of £11.4 million held in Intangibles at 31 December 2022 relating to Egyptian Vulture will be written off in 2023.

Share-based payments (note 25)
Estimation is required in determining inputs to the share-based payment calculations, as detailed in note 25.

The fair value of the options were determined by an external valuation provider using an industry accepted pricing model. For the July and September 2020 awards, the vest date calculation required judgment to determine the point at which the Group and recipients had a shared mutual understanding of the terms of the awards. The Board consider that IPO Admission Document provided such a shared mutual understanding given the detailed disclosure of the terms of the scheme. Accordingly, the estimated fair value of the awards has been spread over the vesting period which commenced at IPO. For the awards issued during 2021 and 2022, the vesting period was seen to commence on date of issue.

Impairment of investments
Investments have been assessed for recoverability based on the current value of the investments. Determination is based upon the assessment of exploration risk, net asset position and cash within the subsidiary. See note 14 for further details on the investments.

Cost Allocation
In 2021 the issue of new shares needs to be treated in accordance with IAS 32. According to IAS 32, the costs of issuing new shares and a stock market listing should be accounted for as follows:

- Incremental costs that are directly attributable to issuing new shares should be deducted from equity, share premium, (net of any income tax benefit) - IAS 32.37; and
- Costs that relate to the stock market listing or are otherwise not incremental and directly attributable to issuing new shares, should be recorded as an expense in the statement of profit or loss and other comprehensive income.

In 2021 the directors exercised judgement in allocation of the costs that relate to both share issuance and listing. These were allocated between those functions on a rational and consistent basis. In the absence of a more specific basis for apportionment, an allocation of common costs based on the proportion of new shares issued to the total number of (new and existing) shares listed is an acceptable approach. The total costs that were deducted from share premium in 2021 were £2.57 million. These are all directly attributable to the issue with the remainder of the costs (£0.45 million) being expensed in 2021 as they were related but not directly attributable. These are accounted for through administrative expenses in the 2021 Statement of Profit or Loss and Other Comprehensive Income.

Expected credit loss (note 16)
Determining an expected credit loss on an intercompany loan for an exploration business is very subjective, as unlike a financial institution there is no default credit history on a loan book to a portfolio of customers. This is exploration and one successful well would have the ability to provide the necessary value ultimately to repay any intercompany loans. Management looked at the future monetisation potential of the existing exploration portfolio held by the subsidiary, and the likelihood that this would be sufficient to pay off the intercompany loan with the parent. They have applied judgement on the possible future proceeds that could be expected from sale of a discovery, and the possible outcome of future drilling campaigns to apply a weighting to the likely repayment of the loan. Consequently, the directors have determined a provision equivalent to 25% of the loan value is appropriate based on assessment of scenarios related to well success factor. £0.8 million (2021: £0.6 million) has been recognised as a provision against the intercompany loan.

4. Employees

GROUP
The average monthly number of persons (including directors) employed by the group and company during the year was:

	2022 Number	**2021** Number
Executive Directors	3	3
Non-executive Directors	5	4
Staff	10	4
Total	**18**	**11**

Their aggregate remuneration comprised:

	2022 £	**2021** £
Wages and salaries	2,689,361	1,703,062
Social security costs	448,417	245,771
Pension costs	245,776	133,047
Foreign currency gains/(losses)	31,767	(33,844)
Share based payment charge	306,439	255,737
	3,721,760	**2,303,773**

Foreign currency gains arise on remuneration due to one of the executive director’s salaries being declared in GBP and paid in NOK.

The remuneration of the highest paid director is shown below.

	Salary	Taxable Benefits	Annual Bonus[1]	Pension	Total
Helge Hammer	294,643	1,749	55,580	23,553	375,525

1. 2021 performance bonus was not paid in 2021 but was paid in 2022 as it was conditional upon resolution of uncertainty around EFF facility following the tax changes in Norway

5. Finance income

GROUP	2022 £	2021 £
Interest income		
Bank deposits	150,869	11,412

Total interest income for financial assets that are not held at fair value through profit or loss is £150,869 (2021: £11,412).

6. Operating loss

GROUP	2022 £	2021 £
Operating loss for the year is stated after charging/(crediting): Exchange (gain)/loss	(703,935)	151,369
Fees payable to the company's auditors for the audit of the parent company and consolidated financial statements	65,000	20,190
Fees payable to the company's auditors for the audit of the subsidiary	18,304	16,000
Other assurance services	23,000	126,000
Depreciation of property, plant and equipment	141,658	30,057
Costs associated with share issue	-	451,000
Share-based payments	306,439	255,787
Executive director's remuneration	831,772	799,860
Non-executive director remuneration	349,580	262,938
Wages and salaries	1,539,776	640,264
Pensions and payroll taxes	694,193	344,924

7. Auditor's remuneration

GROUP	2022 £	2021 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the parent company and consolidated financial statements	65,000	20,190
Audit of subsidiary financial statements	18,304	16,000

During the year the auditor provided no non-audit services in relation to their work as Reporting Accountant. In 2021 the auditors provided non-audit services as Reporting Accountant on the Re-Admission to AIM (2021: £110,000). The auditor provided non-audit services in relation to interim review of £23,000 (2021: £16,000)

8. Finance costs

GROUP	2022 £	2021 £
Interest on bank overdrafts and loans	938,519	160,701
Commitment fee	344,296	224,978
Amortised loan fees	206,039	98,848
	1,488,854	**484,527**

In 2021 the Group entered into a rolling exploration funding facility with 1 SR-Bank ASA and ING Bank N.V. in Norway to allow funding for exploration activities to take place. The loan interest charged on drawings under the facility is a margin of 2.50% p.a. plus NIBOR. For the undrawn loan amount, a commitment fee equal to 40% of the margin is charged.

On 9 January 2023 a new facility agreement was signed, see note 18 for further details.

9. Exploration and evaluation impairments

GROUP	2022 £	2021 £
Amounts written off on exploration activity	(42,877,022)	(6,399,134)

During the year, on completion of committed exploration activity, the Directors have evaluated the potential future cashflows from each licence. If drilling was completed, no commercial reserves discovered and no further prospectivity identified, then the license was deemed to be fully impaired. For licenses where further appraisal would be required to confirm possible further prospectivity, a judgement has been made, based on operator/partnership interest in further appraisal, and on the likely outcome of possible appraisal/development activity, to assess whether the license should be written off. On conclusion of this assessment the Directors have concluded it is appropriate to write off the value of the wells and associated licence costs for PL901 Rodhette; PL1060 Ginny/Hermine; PL1049 Cambozola, and PL1017 Copernicus.

Further information in respect of subsequent events in relation to the carrying value of Egyptian Vulture can be found in note 28 and 12.

10. Income tax (credit)/expense

GROUP	2022 £	2021 £
Current tax (credit)		
Foreign tax on losses for the current period	(41,029,957)	(25,971,588)
Deferred tax		
Origination and reversal of temporary differences	7,114,216	19,059,826
Total tax (credit)	**(33,915,741)**	**(6,911,762)**

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

GROUP	2022 £	2021 £
Loss before taxation	**(49,388,347)**	**(11,592,382)**
Expect tax credit based on a corporation tax rate of 19.00% (2021: 19.00%)	(9,383,786)	(2,202,553)
Effect of expenses not deductible in determining taxable profit	2,577,668	581,294
Effect of overseas tax rates	6,443,339	1,353,298
Deferred tax not recognised	363,064	442,003
Foreign taxes and reliefs	(33,915,741)	(6,911,762)
Remeasurement of deferred tax for changes in tax rates	-	(172,264)
Fixed asset differences	(285)	(1,778)
Taxation credit for the year	**(33,915,741)**	**(6,911,762)**

Unused tax losses in the UK on which no deferred tax asset has been recognised as at 31 December 2022 was £4,783,533 (2021: £2,871,071) and the potential tax benefit was £1,195,884 (2021: £717,768, updated to £832,820 to reflect the effect of a change to the tax rate). Deferred tax assets, including those arising from temporary differences, are recognised only when it is considered more likely than not that they will be recovered, which is dependent on the generation of future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised. The current tax (rebate) of £40.8 million (NOK 483.4 million) represents what will be paid out during 2023 according to Norwegian Tax Legislation. The deferred tax charge represents mainly the tax portion on capitalised intangibles being deductible for tax purposes.

11. Earnings per share

GROUP	2022 £	2021 £
Number of shares		
Weighted average number of ordinary shares for basic earnings per share	56,666,665	36,082,191
Earnings		
Earnings for basic and diluted earnings per share being net loss attributable to equity shareholders of the Company for continued operations	(15,472,606)	(4,680,620)
Basic and diluted earnings per share (expressed in pence)		
From continuing operations	(27.30)	(12.97)

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of shares outstanding during the period.

Diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares. 2,510,216 (2021: 2,281,667) of share options and awards are not included because they are anti-dilutive.

12. Exploration and evaluation assets

GROUP	2022 £	2021 £
Cost		
At 1 January	23,988,754	-
Additions – purchased	53,588,635	29,716,850
Foreign currency adjustments	(38,932)	671,038
Exploration write-off	(42,877,021)	(6,399,134)
At 31 December	34,661,436	23,988,754
Carrying amount		
At 31 December	**34,661,436**	**23,988,754**

During the year, the Group acquired working interests in two exploration wells on the Norwegian Continental Shelf, 20% in PL1100 (“Oswig”) and a 40% in PL1016 (“Velocette”), which completed on 1 July 2022.

On 11 January 2023, the Group were awarded 3 licenses under the Norwegian APA.

Details of licence write-offs in the year can be found in Note 9.

Post the period end the Egyptian Vulture licence was relinquished with the partners being unable to agree on the way forward following extensive technical work. As the information that led to the decision to relinquish was established post year end, this is a non-adjusting post balance sheet event and is disclosed in the post balance sheet event note 28. The balance of £11.4 million held in Intangibles at 31 December 2022 relating to Egyptian Vulture will be written off in 2023.

COMPANY

The Company does not have any exploration and evaluation assets at the end of the period.

13. Property, plant and equipment

GROUP	Right of use assets £	Fixtures and fittings £	Computers £	Total £
Cost				
At 1 January 2021	-	-	14,605	14,605
Additions	580,044	3,340	37,869	621,253
Disposal	-	-	(15,322)	(15,322)
Foreign currency adjustments	-	-	(119)	(119)
At 31 December 2021	**580,044**	**3,340**	**37,033**	**620,417**
Additions	-	42,570	17,333	59,903
Foreign currency adjustments	3,516	21	55	3,592
At 31 December 2022	**583,560**	**45,931**	**54,421**	**683,912**
Accumulated depreciations and impairment				
At 1 January 2021	-	-	2,807	2,807
Charge for the year	20,015	167	9,875	30,057
Eliminated on disposal	-	-	(2,050)	(2,050)
Foreign currency adjustments	(680)	-	(26)	(706)
At 31 December 2021	**19,335**	**167**	**10,606**	**30,108**
Charge for the year	117,099	7,772	16,787	141,658
Foreign currency adjustments	(270)	(343)	(744)	(1,357)
At 31 December 2022	**136,164**	**7,596**	**26,649**	**170,409**
Carrying amounts				
At 31 December 2022	**447,396**	**38,335**	**27,772**	**513,503**
At 31 December 2021	560,709	3,173	26,427	590,309

COMPANY	Fixtures and fittings £	Computers £	Total £
Cost			
At 1 January 2021	-	8,224	8,224
Additions	-	32,163	32,163
Disposals		(12,421)	(12,421)
At 31 December 2021	**-**	**27,966**	**27,966**
Additions	1,407	3,591	4,998
At 31 December 2022	**1,407**	**31,557**	**32,964**
Accumulated depreciations and impairment			
At 1 January 2021	-	1,445	1,445
Charge for the year	-	7,643	7,643
Eliminated on disposal	-	(690)	(690)
At 31 December 2021	**-**	**8,398**	**8,398**
Charge for the year	469	9,831	10,300
At 31 December 2022	**469**	**18,229**	**18,698**
Carrying amounts			
At 31 December 2022	938	13,328	14,266
At 31 December 2021	**-**	**19,567**	**19,567**

14. Investments

COMPANY	2022 £	2021 £
Investments in subsidiaries	**13,465,865**	**26,617,915**

The Company or company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Subsidiary
Longboat Energy Norge AS (company number 924 186 720), with a registered office at Strandkaien 36, 4005 Stavanger, Norway. The company was incorporated 5 December 2019.

Class of shares	Holding %
Ordinary	**100**

In the current year, the subsidiary recorded a loss of £13,100,559 (2021: £9,182,968) with a closing surplus position of £13,465,865 (2021: £26,617,915).

During the year, the Company assessed the carrying value of the investment, as a result of impairment of exploration and evaluation assets carried by the subsidiary. The investment was determined to be impaired and was written down to its approximate carrying value, resulting in a £13.4m impairment.

Movements in non-current investments

	Shares in Group undertakings £
Cost or valuation	
At 1 January 2021	29,000,000
Impairment	(2,382,085)
At 31 December 2021	**26,617,915**
Impairment	(13,152,050)
At 31 December 2022	**13,465,865**

15. Inventories

GROUP	2022 £	2021 £
Materials and supplies	**123,432**	**92,798**

Closing inventories are equal to their net realisable value.

COMPANY
The Company does not hold any inventory at the year end.

16. Trade and other receivables

GROUP	2022 £	2021 £
Non-current		
Prepayments	98,368	
Current		
Trade receivables	14,073	22,662
Taxes recoverable	182,160	81,737
Other receivables	23,144	40,462
Prepayments	715,541	991,220
	934,918	1,136,081
	1,033,286	**1,136,081**

COMPANY	2022 £	2021 £
Non-current		
Amounts owned by subsidiary undertakings	3,795,966	2,395,350
Less expected credit loss*	(815,271)	(565,272)
	2,980,695	1,830,078
Current		
Trade receivables	118,902	187,478
Taxes recoverable	109,474	35,353
Other receivables	23,144	11,757
Prepayments	107,902	48,485
	359,422	283,073
	3,340,117	**2,113,151**

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

*At the year end management made an assessment of the expected credit loss on the intercompany loan. Management looked at the future monetisation potential of the existing exploration portfolio held by the subsidiary, and the likelihood that this would be sufficient to pay off the intercompany loan with the parent. Management have applied judgement on the possible future proceeds that could be expected from sale of a discovery, and the possible outcome of future drilling campaigns to apply a weighting to the likely repayment of the loan. Management concluded on a 25% impairment on the outstanding loan balance of £3,261,086 should be recognised. An update of £249,999 was booked to loan impairment in 2022. The non-current intercompany receivable also includes £341,830 of capitalised loan interest, and £193,050 of intercompany payables related to IFRS 2 share option charges, which will fall due on vest of the underlying options.

17. Current tax recoverable

GROUP	2022 £	2021 £
Current tax receivables	**40,755,157**	**8,149,906**

COMPANY	2022 £	2021 £
Current tax receivables	**-**	**-**

18. Trade and other payables and current financial liabilities

GROUP	2022 £	2021 £
Trade payables	2,840,806	580,084
Accruals	1,373,031	2,753,202
Social security and other taxation	302,900	239,922
Other payables	708,760	1,198,959
Trade and other payables	5,225,497	4,772,167
Exploration Financing Facility	36,761,340	-
Short term bank borrowing	**36,761,340**	**-**

COMPANY	2022 £	2021 £
Trade payables	95,554	46,098
Accruals	183,690	189,514
Social security and other taxation	95,016	59,564
Intercompany payables	74,485	-
Other payables	9,511	3,884
	458,256	**299,060**

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

Exploration Financing Facility (EFF)
During 2022 Longboat Energy Norge AS had access to the Exploration Financing Facility, with an aggregate commitment of NOK 600 million (approximately £50.6 million). On 9 January 2023 an extension to the facility agreement was signed, with aggregate commitment of NOK 800 million (approximately £67.5 million) and a margin of 3.5% over NIBOR, drawdowns allowable until December 2024, repayment of final drawdowns due by November 2025.

Drawdowns can be made under the facility up to a balance equal to approximately 68% of the total exploration and G&A spend for the period. On receipt of the 71.8% tax refund on exploration activity and G&A costs, received in November following the year of expenditure, the related drawdowns must be repaid in full.

19. Lease liabilities

GROUP

The Group has lease contracts for buildings used in its operations. The Group has a lease for its Stavanger office which was signed in September 2021. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

Set out below are the carrying amounts of right of use assets recognised and the movements during the period:

	2022 £	2021 £
At 1 January	560,709	-
Additions	-	585,706
Depreciation charge for the year	(117,099)	(20,015)
Foreign exchange	3,786	(4,982)
At 31 December	**447,396**	**560,709**

Set out below are the carrying value of lease liabilities and the movements.

	2022 £	2021 £
At 1 January	582,802	-
Additions	-	585,706
Interest	14,510	2,758
Payments made	(103,812)	-
Foreign exchange	(3,920)	(5,662)
At 31 December	**489,580**	**582,802**

	2022 £	2021 £
Within one year	122,612	96,172
In two to five years	366,968	486,630
	489,580	**582,802**

	2022 £	2021 £
Maturity analysis		
Within one year	134,971	111,799
In two to five years	382,419	514,273
Total undiscounted liabilities	**517,390**	**626,072**
Future finance charges and other adjustments	(27,810)	(43,270)
Lease liabilities in the financial statements	**489,580**	**582,802**

Amounts recognised in profit or loss include the following:	2022 £	2021 £
Depreciation expense of right of use assets	117,099	19,335
Foreign exchange on depreciation	-	680
Interest expense for right of use liabilities	(14,510)	2,758

20. Deferred taxation

GROUP
The following are the deferred tax liabilities and assets recognised and movements thereon during the current and prior reporting period.

	Accelerated Capital Allowance £
Deferred tax balance at 1 January 2021	431
Deferred tax movements in prior year	
Differences in tax basis for offset of tax losses in Norway	19,059,825
Foreign exchange	(293,401)
Deferred tax liability at 31 December 2021	18,766,424
Deferred tax movements in current year	
Differences in tax basis for offset of tax losses in Norway	7,114,216
Foreign exchange	(143,742)
Deferred tax liability at 31 December 2022	**25,736,898**

Deferred tax assets and liabilities are offset in the financial statements only where the company has a legally enforceable right to do so. The group has tax losses that arose within Longboat Energy Norge AS that are available indefinitely for offsetting against future taxable profits. These tax losses have not been recognised as a deferred tax asset on the basis that there are yet no future taxable profits available within the company which will allow it to be offset. The value of the tax loss carry forward as per 31.12.2022 is £3.7 million.

The Group has not recognised a deferred tax asset within Longboat Energy plc, as there is no evidence to support their recoverability in the near future.

21. Financial risk management

The Group is exposed to financial risks through its various business activities. In particular, changes in interest rates and exchange rates can have an effect on the capital and financial situation of the Group. In addition, the Group is subject to credit risks.

The Group has adopted internal guidelines, which concern risk control processes and which regulate the use of financial instruments and thus provide a clear separation of the roles relating to operational financial activities, their implementation and accounting, and the auditing of financial instruments. The guidelines on which the Group's risk management processes are based are designed to ensure that the risks are identified and analysed across the Group. They also aim for a suitable limitation and control of the risks involved, as well as their monitoring.

The Group controls and monitors these risks primarily through its operational business and financing activities.

Credit Risks

The credit risk describes the risk from an economic loss that arises because a contracting party fails to fulfil their contractual payment obligations. The credit risk includes both the immediate default risk and the risk of credit deterioration, connected with the risk of the concentration of individual risks. For the Group, credit and default risks are concentrated in the financial institutions in which it places cash deposits.
The Group's policy is to place its cash with banks with an appropriate credit rating in accordance with the Company's Treasury Risk Management Policy.

Notwithstanding existing collateral, the amount of financial assets indicates the maximum default risk in the event that counterparties are unable to meet their contractual payment obligations. The maximum credit default risk amounted to £12,096,778 (2021: £26,345,191) at the balance sheet date, of which £12,059,561 (2021: £26,282,067) was cash on deposit at banks.

Liquidity Risks

Liquidity risk is defined as the risk that a company may not be able to fulfil its financial obligations. The Group manages its liquidity by maintaining cash and cash equivalents sufficient to meet its expected cash requirements. The Group has highlighted a material uncertainty around its liquidity in the audit report and the going concern note.

At 31 December 2022, the Group had cash on deposit of £12,059,561 (2021: £26,282,067).

Market Risks

Interest Rate Risks

Interest rate risks exist due to potential changes in market interest rates and can lead to a change in the fair value of fixed-interest bearing instruments, and to fluctuations in interest payment for variable interest rate financial instruments.

The Group is exposed to Interest rate risks through the Groups Exploration Facility in Norway. The table below shows the impact in GBP on pre-tax profit and loss of a 10% increase/decrease in the interest rates, holding all other variables constant:

	2022 £	2021 £
Interest rate increase/decrease by 10%	80,740	-

21. Financial risk management (continued)

The Group is exposed to interest rate risks on cash held on deposit at banks. Interest income for the year to 31 December 2022 was £150,869 (2021: £11,412). These accounts are maintained for liquidity rather than investment, and the interest rate risk on deposits is not considered material to the Group.

Currency risks

The Group operates in the UK and Norway, incurs expenses in sterling, United States dollars and Norwegian kroner ("NOK"), and holds cash in sterling, US dollars and NOK. The Group incurs some expenditure in foreign currency when the investment policy requires services to be obtained overseas. The foreign exchange risk on these costs is not considered material to the Group.

The Group's exposure to foreign currency risk at the end of the reporting period is summarised below. All amounts are presented in GBP equivalent.

	2022 £	2021 £
Cash and cash equivalents	9,409,636	11,804,980
Trade and other receivables	41,309,057	1,104,580
Trade and other payables including borrowings	(41,129,225)	(4,693,250)
Lease liabilities	(489,580)	(582,803)
Net exposure	**9,099,888**	**7,633,507**

Sensitivity analysis

As shown in the table above, the Company is exposed to changes in exchange rates through its balances held in non-GBP. The table below shows the impact in GBP on pre-tax profit and loss of a 10% increase/decrease in the exchange rates, holding all other variables constant.

	2022 £	2021 £
Exchange rate increases by 10%	1,011,099	848,167
Exchange rate decrease by 10%	(827,263)	(693,955)

22. Retirement benefit schemes

GROUP	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	245,613	133,047

The Group does not operate any defined benefit contribution schemes.

COMPANY	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	55,000	46,809

The Company does not operate any defined benefit contribution schemes.

23. Share Capital

GROUP & COMPANY	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital Issued and fully paid				
Ordinary of 10p each of 10p each	56,666,665	56,666,665	5,666,665	5,666,665

24. Share premium account

	2022 £	2021 £
At 1 January	35,570,411	7,808,660
Issues of new shares	-	30,333,334
Costs of share issues	-	(2,571,583)
At 31 December	**35,570,411**	**35,570,411**

25. Share option reserve

	2022 £	2021 £
At 1 January	353,550	97,763
Arising in the year	306,899	255,787
At 31 December	**660,449**	**353,550**

During the year, Longboat Petroleum plc operated three share incentive schemes: the Founder Incentive Plan (FIP), the Long-Term Incentive Plan (LTIP) and the Co-investment plan (CIP). Details of the schemes are summarised below:

Founder Incentive Plan

Under the FIP, the founders are eligible to receive 15% of the growth in returns of the Company from its Admission to AIM in November 2019 over a five year period. The awards are expressed as a percentage of the total maximum potential award, being 10% of the Company's issued share capital.

Should a hurdle of doubling of the Total Shareholder Return ("TSR") over the five-year period be met, the awards will be converted into nil cost options over ordinary shares of 10p each in the share capital Company. The hurdle is adjusted for any capital raises that occur during the performance period, including the share placing on 10 June 2021, and for any additional value to accrue to the founders, those placing shares will need to increase by the same hurdle but as adjusted for time to reflect the shorter period between the date of the placing and the original measurement dates in years three to five.

For the purpose of determining the fair value of an award, the following assumptions have been applied and a valuation calculation run through the Monte Carlo Model:

Grant date - 3 July 2020 and 24 September 2020	£
Weighted average share price at grant date	0.78
TSR performance	-
Risk free rate	-0.08%
Dividend yield	-
Volatility of Company share price	50.44%

The risk-free rate assumption has been set as the yield as at the calculation date on zero coupon government bonds of a term commensurate with the remaining performance period.

The historical 3 year volatility of the constituents of the FTSE AIM Oil & Gas supersector, as of the date of grant, was used to derive the volatility assumption.

The weighted average exercise price of outstanding options is nil.
The weighted average remaining contractual life as at 31 December 2022 is 15 months.

Co-Investment Plan (CIP) awards

The awards granted under the CIP are nil cost options to acquire Matching Shares being ordinary shares of 10p each in the share capital of the Company. The awards are subject to a share price performance condition, where the share price growth over the vesting period must be greater than 30%. No options will vest if this condition is not met.

For the purpose of determining the fair value of an award, the following assumptions have been applied and a valuation calculation run through the Monte Carlo Model:

Grant date	10 Feb 22 (Part A)	10 Feb 22 (Part B)	02 Jul 21
Performance period (years)	3	3	3
Share price at grant date	£0.57	£0.57	£0.70
Exercise price	£0.10	£0.10	£0.10
Risk free rate	1.35%	1.35%	15.00%
Dividend yield	0%	0%	0%
Volatility of Company share price	50%	50%	51.00%
Fair value per award	£0.19	£0.24	£0.38

	2022 No	2021 No	Weighted average fair value (£ per share)
Outstanding at beginning of the period	639,900	-	£0.38
Granted during the period	154,605	639,900	£0.21
Forfeited during the period	-	-	-
Exercised during the period	-	-	-
Expired during the period	-	-	-
Outstanding at the end of the period	794,505	639,900	£0.35
Exercisable at the end of the period	-	-	-

The weighted average exercise price of outstanding options is £0.10.

The weighted average remaining contractual life as at 31 December 2022 is 15 months.

Long Term Incentive Plan

The awards issued under the LTIP are nil-cost options to acquire ordinary shares in the Company, subject to a performance condition.

For the purpose of determining whether the condition has been met, the TSR of the Company is measured over the three year performance period, commencing at the grant date. The return index is averaged over the 30 dealing day period prior to the start of the performance period and over the final 30 days of the performance period.

The awards have been valued using the Monte Carlo model, which calculates a fair value based on a large number of randomly generated simulations of the Company's TSR.

Grant date	7 Jan 22	12 Aug 22	8 Nov 21	1 Oct 21	2 Jul 21	2 Jul 21	24 Sep 20
Weighted average share price at grant date	£0.624	£0.43	£0.705	£0.78	£0.72	£0.72	£0.885
TSR performance	-	-	-	-	-	-	-
Risk free rate	0.85%	1.96%	n/a	0.60%	0.09%	0.15%	-0.1%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Volatility of Company share price	50%	52%	n/a	50.00%	51.00%	51.00%	58.00%
Weighted average fair value	£0.27	£0.23	£0.33	£0.36	£0.27	£0.33	£0.33

The risk-free rate assumption has been set as the yield as at the calculation date on zero-coupon government bonds of a term commensurate with the remaining performance period.

The historical three year volatility of the constituents of the FTSE AIM Oil & Gas supersector, as of the date of grant, was used to derive the volatility assumption.

	2022 No	2021 No
Outstanding at 1 January	1,316,500	40,000
Awarded during the year	244,100	1,375,100
Exercised during the year	-	-
Expired during the year	-	(98,600)
Outstanding at the 31 December	1,560,600	1,316,500
Exercisable at the 31 December	-	-

The weighted average exercise price of outstanding options is £0.10.
The weighted average remaining contractual life as at 31 December 2021 is 18 months.

26. Currency translation reserve

GROUP	2022 £	2021 £
At the beginning of the year	580,996	549
Currency translation differences	(19,754)	580,447
At the end of the year	**561,242**	**580,996**

The currency translation reserve relates to the movement in translating operations denominated in currencies other than sterling into the presentation currency.

27. Related party transactions

Remuneration of key management personnel
Members of the Board of Directors are deemed to be key management personnel. Key management personnel compensation for the financial period is the same as the Director remuneration set out in the Corporate Governance Statement.

Other information
Directors' interests in the shares of the Company in the current and prior period, including family interests, were as follows:

Ordinary shares

GROUP	2022*	2021*
Helge Hammer	837,023	837,023
Jonathan Cooper	333,432	333,432
Graham Stewart	350,000	350,000
Jorunn Saetre	51,667	51,667
Nick Ingrassia	179,023	179,023
Julian Riddick (PDMR)	272,648	272,648
Hilde Salthe (PDMR)	11,805	11,805

**As at the date of publication of the Report and Accounts for each respective year*

Under IAS 24 section 4, all intragroup transactions which have been eliminated on consolidation are exempt from being disclosed as the Group has prepared consolidated financial statements.

The Group does not have one controlling party.

28. Subsequent Events

Post the period end the Egyptian Vulture licence was relinquished with the partners being unable to agree on the way forward following extensive technical work. As the information that led to the decision to relinquish was established post year end, this is a non-adjusting post balance sheet event. The balance of £11.4 million held in Intangibles at 31 December 2022 relating to Egyptian Vulture will be written off in 2023.

On 9 January 2023 an extension to the Exploration Finance Facility (EFF) agreement was signed, with aggregate commitment of NOK 800 million (approximately £67.5 million), drawdowns allowable until December 2024, repayment of final drawdowns due by November 2025.

The 11 January 2023 Longboat Energy announced the award of 3 new licences under the Norwegian 2022 APA Licensing Round (Awards in Predefined Areas): PL1182 S Lotus Block 35/10 (Company 30%); PL1100C Oswig South Extension (Company 20%) and PL293 CS Kveikje Discovery Extensions (Company 10%).

Under the Malaysian Bid Round ('MBR') 2022 Longboat, via its subsidiary Longboat Energy (2A) Limited, has been awarded by Petroliam Nasional Berhad ('PETRONAS') a Production Sharing Contract ("PSC") for Block 2A, a large exploration block offshore Sarawak. Longboat will become operator with a 36.75% interest in the PSC alongside partners Petronas Carigali Sdn. Bhd (40%), Petroleum Sarawak Exploration & Production Sdn. Bhd. (7.5%) and Topaz Number One Limited (15.75%).

29. Cash absorbed by operations

GROUP	2022 £	2021 £
Loss for the year after tax before other comprehensive income	(15,472,606)	(4,680,620)
Adjustments for		
Unrealised Foreign Exchange	202,550	-
Taxation credited	(33,915,741)	(6,911,763)
Exploration write-off	42,877,022	6,399,134
Release of prepaid bank fees	206,039	103,517
Interest payable	1,283,102	481,769
Interest receivable	(150,869)	(11,412)
Depreciation	137,872	27,982
Lease interest	14,510	2,758
Equity settled share based payment expense	306,439	255,736
Movements in working capital:		
Increase in inventories	(30,634)	(92,798)
Decrease in trade and other receivables	71,520	104,906
Increase in trade and other payables	907,808	571,544
Cash absorbed by operations	**(3,562,988)**	**(3,749,247)**

30. Cash flows related to borrowing and debt

	Current bank borrowings	Finance lease liabilities	Total
At January 2022	-	582,802	582,802
Cash flows			-
Cash payments on lease	-	(103,812)	(103,812)
Loan drawdown	36,761,340	-	36,761,340
Interest and fees paid	(1,283,102)		
Non-cash adjustments			-
Interest and fees accrued	1,283,102	10,590	10,590
At 31 December 2022	**36,761,340**	**489,580**	**37,250,920**

	Current bank borrowings	Finance lease liabilities	Total
At January 2021	-	-	-
Cash flows			-
Cash payments on lease	-		-
Loan drawdown	-	-	-
Interest and fees paid	(1,088,612)	-	(1,088,612)
Non-cash adjustments			-
Finance lease entered into	-	580,044	580,044
Interest and fees accrued	1,088,612	2,758	1,091,370
At 31 December 2021	**-**	**582,802**	**582,802**

Appendix

Longboat Engergy plc 2022 Disclosure Under SASB Oil and Gas Exploration and Production Standard

This document provides information as to the alignment of disclosures made by Longboat Energy plc, and its subsidiary Longboat Energy Norge AS, with the Sustainability Accounting Standards Board (SASB) Oil & Gas Exploration and Production Standard (Version 2018-10). The information herein is associated with the 2022 calendar year.

Longboat Energy plc, and where appropriate its subsidiary Longboat Energy Norge AS, are referred to individually or collectively as 'Longboat Energy' or 'LBE'.

		SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS
Code	**Accounting Metric**	**Location/Information**
GREENHOUSE GAS EMISSIONS		
EM-EP-110a.1	Gross global Scope 1 emissions, percentage methane, percentage covered under emissions-limiting regulations	Gross 4,023 tonnes GHG (CO_2, CO, N_2O, nmVOC, NO_X and SO_X), 0.18 tonnes methane. 3,975.9 tonnes of the GHG are CO_2 Emissions are Longboat Energy's equity share from drilling operations on the Ginny/Hermine, Kveikje & n'Roll, Cambozola, Copernicus and Oswig wells. 0% covered under emission-limiting regulations.
EM-EP-110a.2	Amount of gross global Scope 1 emissions from: 1. flared hydrocarbons, 2. other combustion, 3. process emissions, 4. other vented emissions, and 5.fugitive emissions	LBE has only participated in the drilling of explorations wells with semi-submersible and jack up rigs in 2022. LBE has no production, hence all items are non-applicable (N/A).

Code	Accounting Metric	SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS Location/Information
EM-EP-110a.3	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Longboat Energy is currently an early-stage E&P company. The main source of greenhouse gas emissions relates to the drilling of exploration wells on the NCS. LBE's natural gas focused portfolio of exploration licences are in mature areas with existing infrastructure to tie-in to. Upon success this will contribute to low carbon footprint energy. Through licence participation in development activities, Longboat Energy will assess options such as renewable power from shore, offshore wind power and ammonia production with CO2 capture and storage to reduce GHG emissions. Upon being profitable LBE will also look at nature-based solutions to offset its GHG emissions. Longboat Energy supports the goals of the Paris Agreement and the net zero emissions by 2050 targets set by the UK Government and the European Commission. We recognise the combined challenge of meeting increasing energy needs driven by a growing global population and the urgent need to reduce global carbon emissions. Longboat Energy also supports the UN Sustainable Development Energy Goal and plans to develop its business so that it has a sustainable strategy as an oil and gas company providing safe and responsible energy at a low cost with low emissions. Accordingly, LBE is committed to: • supporting the energy transition through playing an active role to promote best practice in environmental stewardship; • pursuing a strategy of delivering low Scope 1 and Scope 2 emissions per barrel, to minimise carbon intensity of operations (including no routine flaring) and transparent annual disclosure of GHG emissions; • prioritising renewable energy sources in the powering of operated and non-operated platforms where possible; • using an internal carbon price for investment decisions; and • being net zero by 2050 with an earlier target date to be set dependent on the profile of the assets developed/acquired

Code	Accounting Metric	SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS Location/Information
AIR QUALITY		
EM-EP-120a.1	Air emissions of the following pollutants: 1. NO_X (excluding N_2O), 2. SO_X, 3. volatile organic compounds (VOCs), 4. particulate matter (PM10)	LBE equity from the drilling operations of three exploration wells: 1. NOx: 36.1 tonnes 2. SOx: 1.12 tonnes 3. VOCs: 5.1 tonnes 4. n/a
WATER MANAGEMENT		
EM-EP-140a.1	1. Total fresh water withdrawn, 2. total fresh water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	1. Kveikje: 3650 tonnes, Cambozola: 5000 tonnes, Ginny/Hermine: 2000 tonnes 2. N/A as LBE only has activities in Norway where water is not a scarce resource
EM-EP-140a.2	Volume of produced water and flowback generated; percentage (1) discharged, (2) injected, (3) recycled; hydrocarbon content in discharged water	N/A as LBE does not have any ownership in any producing fields
EM-EP-140a.3	Percentage of hydraulically fractured wells for which there is public disclosure of all fracturing fluid chemicals used	N/A as LBE does not have any ownership in any producing fields, nor any hydraulic fracturing.
EM-EP-140a.4	Percentage of hydraulic fracturing sites where ground or surface water quality deteriorated compared to a baseline	N/A as LBE does not have any ownership in any producing fields, nor undertakes any hydraulic fracturing.
BIODIVERSITY IMPACTS		
EM-EP-160a.1	Description of environmental management policies and practices for active sites	As stated in LBE's HSEQ Policy, LBE is committed to respecting and preserving the natural environment. The policy is to minimise the undesirable effects on the environment resulting from LBE's operations and to work to prevent pollution and reduce emissions. LBE will assess and manage its performance to continually improve its environmental performance. Permits and consents from the Norwegian authorities are required for the operator to execute the Drilling Operations, and strict reporting requirements are in place.

Code	Accounting Metric	SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS Location/Information
EM-EP-160a.2	Number and aggregate volume of hydrocarbon spills, volume in Arctic, volume impacting shorelines with ESI rankings 8-10, and volume recovered	No spills in 2022 from the drilling operations of the five wells in which LBE participated.
EM-EP-160a.3	Percentage of 1. proved and 2. probable reserves in or near sites with protected conservation status or endangered species habitat	(1) N/A (2) N/A as LBE has no reserves.
SECURITY, HUMAN RIGHTS & RIGHTS OF INDIGENOUS PEOPLES		
EM-EP-210a.1	Percentage of 1. proved and 2. probable reserves in or near areas of conflict	N/A LBE's activities are exclusively offshore Norway
EM-EP-210a.2	Percentage of 1. proved and 2. probable reserves in or near indigenous land	N/A LBE's activities are exclusively offshore Norway
EM-EP-210a.3	Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict	LBE is fully committed to meeting its responsibilities towards its staff, contractors and third parties who may be impacted by its activities, and to adhere to all applicable national and local legislation as well as the principles for business and human rights embodied in international initiatives, such as the United Nations Global Compact and the United Nations Guiding Principles on Business and Human Rights. Adhering to and implementing the Human Rights Policy is a requirement of anyone who works for or on behalf of Longboat Energy. LBE's activities are solely offshore Norway where Human Rights are well protected and accord with LBE's Human Rights Policy.
COMMUNITY RELATIONS		
EM-EP-210b.1	Discussion of process to manage risks and opportunities associated with community rights and interests	LBE's activities are focussed solely offshore Norway and the operators of its offshore licences have well established environment controls and procedures for ensuring compliance with any interested parties notably the fishing industry
EM-EP-210b.2	Number and duration of non-technical delays	No delays attributable to community relations.

<table>
<tr><th></th><th></th><th>SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS</th></tr>
<tr><th>Code</th><th>Accounting Metric</th><th>Location/Information</th></tr>
<tr><td colspan="3">WORKFORCE HEALTH & SAFETY</td></tr>
<tr><td>EM-EP-320a.1</td><td>1. Total recordable incident rate (TRIR),
2. fatality rate,
3. near miss frequency rate (NMFR), and
4. average hours of health, safety, and emergency response training for
a. full-time employees,
b. contract employees, and
c. short-service employees</td><td>(1-3) From the drilling operations of five exploration wells in 2022 there were five recorded incidents to the Petroleum Safety Authorities Norway (PSA):
<table>
<tr><th>Kveikje</th><th>Cambozola</th><th>Copernicus</th><th>Oswig</th></tr>
<tr><td>30.03.22 Loss/gain (ballooning) and gas values</td><td>10.04.22- Water intrusion in pump room. Ruptured pipe on SW pump discharge side. 100-130 m^3 SW intrusion and 0,8 degree rig heel</td><td>30.08.22- DO- During handling of the 18 3/4¨well head, a protector dropped to the riser deck. The riser deck was barried off and no personnel were present

Drop height:0,5 m
Weight: 57 kg.
Fall energy: 280 Joule.</td><td>28.08.22- Well Control Incident (influx-kill) drilling at 4,336m in 8 1/2” section. Handled with conventional well control methods within MASP limits.

21.10.22- DO- during DST- Upper horizontal pipe from cooling tower dropped to sea. Area main deck was barried off .
Height: 1,5 m.
Weight: 9,6 kg.
Fall energy 141 Joule</td></tr>
</table>

(4) LBE does not operate any of its licence interests and so health and safety training is limited to ensuring safe conduct and procedures in its offices and training for a safety representative.</td></tr>
</table>

Code	Accounting Metric	SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS Location/Information
EM-EP-320a.2	Discussion of management systems (MS) used to integrate a culture of safety throughout the exploration and production lifecycle	Safety is a core value, and it is a priority that everyone is aware of his / her responsibility towards providing a safe and secure environment. LBE is committed to ensuring the health and safety of all who work with it and protecting the environment in which it works. LBE upholds excellent health and safety standards in order to reduce accidents and ill health within the workplace and to minimise the impact of its operations on the environment. LBE also insists that all contractors maintain the same high standards. All members of staff are familiar with LBE's processes and procedures with its MS and its emphasis on risk management to minimise the impact of its activities. Although LBE does not operate any exploration and production assets, under the MS and through its 'see to duty' LBE reviews and oversees the operators' activities to ensure that the health and safety of its workforce receives the priority it deserves. To be accepted as a Licence holder in Norway, every company is required to undergo a thorough pre-qualification process by the Norwegian Petroleum Directorate (NPD) and The Petroleum Safety Authority Norway (PSA) to ensure they have the required competencies, capacity and Business Management Systems in place. LBE was approved by the Ministry of Petroleum and Energy as a licence holder in August 2021 having been reviewed by the NPD and PSA.
RESERVES VALUATION & CAPITAL EXPENDITURES		
EM-EP-420a.1	Sensitivity of hydrocarbon reserve levels to future price projection scenarios that account for a price on carbon emissions	Currently LBE does not have any 2P reserves. LBE is targeting gas in Norway, where the cost of carbon emissions is transparent.
EM-EP-420a.2	Estimated carbon dioxide emissions embedded in proved hydrocarbon reserves	N/A as LBE has no proved hydrocarbon reserves. The discoveries are classified as resources at the present time with no firm plan for development.
EM-EP-420a.3	Amount invested in renewable energy, revenue generated by renewable energy sales	N/A as LBE has not invested in any renewable energy.

Code	Accounting Metric	SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS Location/Information
EM-EP-420a.4	Discussion of how price and demand for hydrocarbons and/or climate regulation influence the capital expenditure strategy for exploration, acquisition, and development of assets	LBE is targeting gas with its exploration and business development activities, as it believes i) gas is critically important in the path to net zero GHG emissions and even with an aggressive build out of renewables, considerable upstream capex will be required to facilitate the coal to gas switch and to overcome natural global gas declines; and ii) Europe's indigenous gas supplies have fallen by 7% CAGR from 18bcf to 8bcf in 2021, leaving Europe heavily reliant on Russian gas and imported LNG. Hence, activities to maintain Europe's indigenous gas supply is an important element for recovering stability and reliability as part of the energy transition.
BUSINESS ETHICS & TRANSPARENCY		
EM-EP-510a.1	Percentage of 1. proved and 2. probable reserves in countries that have the 20 lowest ranking in Transparency International's Corruption Perception Index	N/A LBE's activities are solely focussed offshore Norway
EM-EP-510a.2	Description of the management system for prevention of corruption and bribery throughout the value chain	LBE has a dedicated Anti Bribery and Corruption ('ABC') Policy in place which demands the highest standard of behaviour and conduct of its directors, officers and employees, together with all agents, co-ventures, contractors, suppliers and other third parties acting or purporting to act on its behalf. The ABC Policy sets out the main policies, procedures and mechanisms adopted following appropriate risk assessment that are intended to prevent and/or effectively combat instances of bribery or corruption in the course of LBE's business and ensure compliance with applicable anti-bribery and anti-corruption laws in those countries where LBE conducts business. Whilst the Anti-bribery and Corruption Policy is embedded within the MS, as LBE's activities are focussed solely in Norway with highly reputable joint venture partners the probability of any breach is very low.
MANAGEMENT OF THE LEGAL & REGULATORY ENVIRONMENT		
EM-EP-530a.1	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	LBE supports the energy transition and is committed to achieving 'net zero' emissions by 2050 or earlier. As LBE becomes involved in developments it will look at solutions to reduce GHG emissions associated with production and offsetting scope 1 & 2 emissions. LBE is a member of Norwegian Oil and Gas (NOROG) which is a professional body and employer's association for oil and supplier companies. NOROG's views on relevant policy issues are publicly available at www.norog.no

Code	Accounting Metric	SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS Location/Information
CRITICAL INCIDENT RISK MANAGEMENT		
EM-EP-540a.1	Process Safety Event (PSE) rates for Loss of Primary Containment (LOPC) of greater consequence (Tier 1)	LBE has no ownership in producing assets and does not operate exploration wells.
EM-EP-540a.2	Description of management systems used to identify and mitigate catastrophic and tail-end risks	The licence operators and LBE as a non-operator have Management Systems in place where risk management is integrated into the work processes and procedures. The operators on LBE's Licences have separate Emergency Response Plans exists for level 1, 2 and 3 emergency organisations, including reporting and normalization. Critical and serious incidents will be investigated, and regular reviews are carried out on reported incidents for continuous learning. LBE is a qualified Licence holder in Norway and works in close cooperation with the operators and other licence holders to plan and follow up any operations in a safe and environmental responsible manner. LBE has the required emergency response plans for all aspects of its business as an integrated part of our Management System.

megabite.no

Longboat Energy

Longboat Energy plc

5th Floor One New Change | London EC4M 9AF | UK

Company Registration No. 12020297 (England and Wales)

www.longboatenergy.com

Longboat Energy

@LongboatEnergy