Longboat Energy

Annual Report & Financial Statements

2023

Longboat Energy plc

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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
Joint Broker	Cavendish Capital Markets Limited One Bartholomew Street London EC1A 7BL
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

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CEO Statement

For the year ended 31 December 2023

Longboat's vision is to create value for shareholders by building a full-cycle E&P company in Norway and South-East Asia. During 2023, the Company made important steps towards this vision.

Norway

In Norway the transaction with JAPEX to create a new Norwegian joint venture re-capitalised the business and has the potential to become transformational for the Company.

JAPEX is listed on the Tokyo Stock Exchange with the Japanese government as the largest shareholder at 35%. To establish the new Norwegian Joint Venture Company, Longboat issued shares in its Norwegian subsidiary to give JAPEX 49.9% ownership and JAPEX made a US$20 million investment, US$16 million for the existing subsidiary and a further US$4 million in relation to the Statfjord Satellites transaction, which was received in January 2024 upon completion of the transaction. The contingent payment linked to the Velocette discovery was up to $30 million, of which a risked, weighted £2.6 million was recognised at the time of the transaction and then confirmed as non-recoverable and written off in 2023. The transactions have now been completed and the new Joint Venture is producing and has been renamed Longboat JAPEX Norge.

The objective is to build Longboat JAPEX into a leading Norwegian-focused independent company. This company will pursue a growth-led strategy to create value predominantly through the acquisition of production and development projects, growing 2P reserves and reaching significant production levels within three to five years. The Joint Venture will continue to target the drilling of one to three Exploration and Appraisal (E&A) wells per year and on a selective basis continue to exploit high-quality organic opportunities on the Norwegian Continental Shelf.

Furthermore, our Japanese partner has provided the Joint Venture with a US$100 million Acquisition Financing Facility, which is available for Norwegian acquisitions and associated development costs. The Financing Facility has attractive terms which comprise a five years repayment period and interest rates starting at 6% escalating with the all-in cost over the term at less than 10%.

In January 2024, shortly after establishing the Joint Venture, the company delivered its first production acquisition of interests in two Statfjord satellite fields, Statfjord Øst and Sygna. Although this was a relatively small acquisition, it was significant since these are long-life assets and have just undergone a significant infill drilling and redevelopment project. While the Statfjord Satellites infill drilling programme has been executed successfully technically, there have been delays, in both the development programme and production ramp up, and cost overruns which together have had a significant negative impact on the joint venture's projected working capital. The acquisition was financed, without raising equity, from existing cash and by drawing on the Acquisition Financing Facility. This is due for repayment at the end of 2024.

Since inception, Longboat has participated in nine exploration wells in Norway resulting in six hydrocarbon discoveries. The most significant of these is the Kveikje discovery in an area northwest of the giant Troll field, where many discoveries have been made over the last few years. Kveikje contains 35-60 million boe (ERCE Competent Persons Report 2C-3C September 2022) of recoverable resource in injectite sands, which is characterized by excellent reservoir quality, and the field evaluation is matured to become part of a large Equinor operated cluster development.

The Longboat geological and geophysical team has considerable in-house expertise on the interpretation of injectite reservoirs, which the company has used to build a core position around Kveikje. Later this year, we will drill an exploration well on the Kjøttkake/Lotus prospect, which is analogous and adjacent to Kveikje and which we have already farmed out for a full carry. We have secured an extension of PL1049, which contain several injectite reservoir targets and we were also successfully awarded a new licence (PL 1212S) over the Magnolia prospect, another nearby injectite target located to the north of Kveikje.

The Velocette exploration well in the Norwegian Sea discovered 1-11 million boe of gas (operator estimate), which is insufficient to be commercial on a standalone basis and the drilling costs were written off in the period. However, the well successfully proved the presence of gas in a good quality reservoir, which was the principal risk pre-drill, and there are several similar prospects in the licence which are now being re-evaluated before making any further commitments in this area. The E&E expense in relation to Velocette has been written off in the period.

SE Asia

Longboat entered South-East Asia last year when the Company won operatorship of the deep water Block 2A in the Malaysian Bid Round 2022.

South-East Asia has a large exploration, development and production (E&P) industry, active mergers and acquisitions (M&A) markets and for Longboat, the region offers a huge opportunity set. We are continuously reviewing multiple production acquisition opportunities and are active in multiple M&A processes.

To follow on from the award of the 2A PSC in Malaysia, the Company went on to acquire 100% of the share capital of the privately held company, Topaz Number One Limited ("Topaz"), to increase its working interest in the PSC to 52.5%. The consideration for the investment was split into 3 Tranches.

Tranche 1 was equivalent to $100,000, settled in new Longboat Energy plc shares on completion of the transaction on 21 December 2023. Tranche 2 is contingent and will be payable on the earlier of a positive well drilling decision for Block 2A or the event of farm out (farm out must be agreed within 5 years). This payment will be the $125,000, payable in shares in Longboat Energy plc. Tranche 3 (part 1) is contingent on an exploration well announcement in excess of 600bcf (well must commence drilling within 5 years). The payment will be equivalent of $1,000,000 and will be settled in cash or an allotment of shares in Longboat Energy plc, at the discretion of the Company. Tranche 3 (part 2) is contingent on the growth in the Longboat share price. The payment will be equivalent of up to $2,000,000 and will be settled in cash or an allotment of shares in Longboat Energy plc, at the discretion of the Company. If a liquidity event occurs, involving the sale of Topaz's share in Block 2A then Tranche 3 will be calculated instead upon the proceeds of the liquidity event, but capped at the total of $3,000,000, as above. The fair value of the consideration paid for the acquired company was US$403,000, of which $100,000 has been settled in shares of Longboat Energy plc on completion, and the remainder is held as a contingent consideration liability at year end. This will allow the Company to offer operatorship and a material interest in the block for the potential introduction of an additional funding partner, and hence simplifying the process towards a positive well decision. The block contains the giant Kertang gas prospect of multi-tcf size, located offshore Sarawak. To the south of Block 2A, there is considerable gas infrastructure and one of the world's biggest LNG export terminals, Bintulu, has an increasing need for new gas feedstock in the years to come.

As part of the Topaz acquisition, Longboat was joined by James Menzies, who is ex-CEO of Salamander Energy, a company that successfully grew a significant E&P portfolio in South East Asia before being acquired by Ophir Energy, and Pierre Eliet, who has extensive experience in Asia where he has been working for Cairn, Lundin and Roc Oil. James and Pierre bring extensive expertise and established networks in the South East Asia region.

Cost cutting

In light of and pending the successful execution of the Company's twin jurisdiction M&A operational strategy, there is limited ability to make a material reduction in general and administrative expenditure in the immediate future. However, the Company is mindful of the need to reduce costs to the extent possible, and is reviewing where savings can be made.

Board Rotation

Brent Cheshire and Jorunn Saetre have confirmed their intention to stand down from the board as Non-Executive Directors and will not put themselves forward for re-election at the forthcoming Annual General Meeting. Brent and Jorunn have been with the Company since its inception and have provided strong guidance and challenge at all times and will be very much missed. We thank them for all of their hard work over the period. The Company has no immediate plans to replace the Non-Executive Directors that are standing down.

Outlook

As a consequence, Longboat now has two experienced M&A teams in place, one to pursue M&A opportunities for Norway and one focused on South East Asia. Combined with our in-house technical expertise, it puts the Company in a strong position to deliver growth.

In Norway, we are focused on delivering a transaction to add material production volumes to the relatively small initial production position we acquired in January 2024 in the Statfjord Satellites. We will make use of the Acquisition Financing Facility provided by JAPEX which will assist LJN's participation in NCS sales processes.

In parallel with the M&A effort, work continues to progress the appraisal and development plans for the discoveries we have in our portfolio, particularly Kveikje, Oswig and Velocette, and to de-risk the exploration licences. The objective is to achieve maximum value from the assets either by developing them or by monetising the assets.

In the South East Asia region, we have seen an increasing number of M&A processes for producing assets or asset packages, which would be an excellent match and add material production and reserves to the Longboat business.

On Block 2A in Malaysia, we will finalise the evaluation of the giant Kertang gas prospect before running a process to farm down and make the final drilling decision. We have already been approached by a number of large E&P players who are interested in this exciting exploration prospect.

Helge Hammer
Chief Executive

10 April 2024

Strategic report

For the year ended 31 December 2023

Strategy

Longboat strategy remains unchanged, to build a full cycle E&P company with a portfolio of attractive E&P assets including material production interests in Norway and in South East Asia.

We have a strong management team in Longboat with intimate knowledge and networks across the E&P industry both in Norway and South East Asia, and with a proven track record in being creative and delivering high quality and value accretive deals. The management team has significant industry experience in building E&P companies, including Faroe Petroleum and Salamander Energy which grew into mid-size E&P independents. The two businesses were taken over for more than US$900 million, enterprise value, in 2019 and 2015 respectively. Faroe and Salamander were built by timely and carefully exploiting M&A opportunities and delivering value accretive transactions and by participating in high quality E&A wells after first having minimised their cost exposure through farm-down processes. Longboat's objective is to replicate the successes of Faroe Petroleum and Salamander Energy.

In Norway and SE Asia, in particular in Malaysia, the E&P industry is of huge importance to the national economies. Norway and Malaysia are both major exporters of gas to its neighbouring countries and therefore play vital roles in securing the energy supply in their regions.

Because of the importance of oil and gas in these countries, they have a population and politicians who have a high degree of awareness of the E&P sector and its importance to the economies. The authorities in these countries are therefore generally supportive of policy making and framework conditions to support a long term viable E&P industry.

The South East Asia region is still one of the world's largest consumers of coal and the potential replacement of coal by natural gas in the energy mix therefore represents an opportunity to improve the environmental impact of the energy sector.

Norway and Malaysia have both introduced tax incentives to stimulate the timely exploitation of its remaining oil and gas resources around the very significant industry infrastructure. Both countries are focused on contributing positively to the energy transition by developing and producing remaining reserves at minimum levels of climate gas emissions. Norway and Malaysia are actively supporting and investing in Carbon Capture and Storage (CCS) schemes, and Norway also has its hydroelectric power, which it is exploiting to reduce emissions by electrifying the E&P installations and infrastructure.

There is a high level of commonality between the E&P industries in Norway and South East Asia and combined with large E&P industries and active M&A markets, the two regions represent excellent areas for Longboat to build its E&P businesses.

Norway has been through a period of considerable industry consolidation. As a result, the number of active E&P companies has dropped from more than 50 companies ten years ago to now just over 20 companies, of which four have a very large and dominant position.

At the same time, Norwegian oil and gas production has reached record levels at around 4 million boe/d of which approximately half is oil and half is gas. The Norwegian E&P industry benefits from an attractive and stable tax system and framework conditions. Combined with high oil and gas prices, implications are that the largest E&P companies in Norway enjoy substantial free cash flow and therefore have strong tax incentives to make significant investments in new development projects. As a consequence, there are many development projects under way in Norway and total investment in E&P projects is expected to reach close to US$20 billion in 2024 and 2025.

In Norway, 2023 saw a multi-year low in transaction volumes, with the M&A market continuing to be dominated by large corporate transactions and the strategic exit of a number of large players including Neptune, WintershallDEA and Kufpec. While this trend is set to continue into 2024, we are also starting to observe deals driven by a need for portfolio rationalisation on the back of these large transactions which are likely to fit with Longboat-JAPEX's strategy to add material production to our portfolio with significant upside potential in the subsurface.

Similarly, the South East Asian market remains active with a number of companies repositioning portfolios with a focus on gas resources which can be exported regionally as LNG. Many of the Majors are still making large investments in the region as demonstrated recently by Shell's investment into the Rosmary-Marjoram project in Sarawak which is anticipated to produce 800 million standard cubic feet of gas per day with start-up 2026. TotalEnergies has also made a significant move into Malaysia following the recent announcement of the corporate acquisition of OMV's 50% interest in SapuraOMV for $903 million which has significant gas developments in Malaysia to give the Company a major position offshore. All of these resources provide additional feedstock to one of the world's largest LNG export terminals, the Bintulu liquefaction plant in Sarawak.

At the smaller end of the spectrum, in 2023 Valeura Energy Inc completed the acquisition of a significant production portfolio in the Gulf of Thailand from Mubadala Petroleum. This acquisition immediately positioned Valeura as a significant South East Asian independent with over 20,000 boepd of production.

Offshore Sarawak, Longboat is the operator and holds 52.5% of Block 2A which contains the giant multi-tcf exploration prospect, Kertang. While work is ongoing to mature this prospect toward a drilling decision, the exploration activity in the area has remained high and very successful. In 2023, Petronas reported that 25 exploration wells had been drilled in Malaysia resulting in 19 discoveries, adding more than 1 billion boe of new oil and gas resources.

Another implication of the industry's major focus on the big gas opportunities, is that the smaller oil and gas assets are available for small and mid-cap independent companies and the competition in this segment is modest. In Malaysia, Petronas has introduced a system for open data sharing and holds a portfolio of discoveries, which it is making available at attractive PSC terms as Discovered Resources Opportunities (DROs) in licensing rounds. For Longboat, who can use its in-house subsurface expertise to map and identify unrecognized upsides in the DROs, they represent exciting opportunities.

Market outlook

At the start of 2023 crude oil prices were approximately US$80 bbl and peaked in mid-September at US$98 bbl. Prices then declined with fears of the US falling into recession amid inflation-fighting hikes, and a wider global recession with prices falling below US$80 bbl.

The main market expectation as we entered 2024 was that OPEC was in full control of the downside risk for oil prices. It was anticipated that OPEC could keep the market undersupplied and let oil prices rise. However, early in 2024 the oil market balance appears to have softened somewhat which has forced OPEC to make deeper production cuts and defend the oil price. Inventories in Q4 2023 increased which was against consensus expectations for moderate undersupply and an inventory draw. During 2023 oil demand growth was strong at 2.3mb/d year on year, driven by Brazil, Iran and the US. As the second largest consumer of crude, behind the US, China was instrumental in demand growth in 2023 accounting for 1.8 mb/d in 2023. This was driven by increased mobility post pandemic, both air and road, and strong structural growth in petrochemicals. With normalised mobility, an uptake in EV's, demographic headwinds and concerns around the economy, it is likely that China's demand growth will slow. Analysts are forecasting that growth in 2024 will slow, with DNB forecasting growth of 1.2mb/d, as global growth remains below recent years' trends. Escalating geopolitical risk in the Middle East represents the main source of price upside but supply disruption remains unlikely.

It is likely that OPEC will succeed in its efforts to maintain a slight market undersupply, and for prices to maintain / increase gradually during 2024. However, if supply continues to surprise on the upside and there was to be a global recession then there is a chance that OPEC could switch to volume focused output strategy. In contrast to early 2023, the risk of a global recession seems to have eased. What is clear is that Saudi and OPEC remain in control of the market again as swing producers. One of Saudi's key policies is to ensure oil market stability to prevent deep and damaging short term price falls followed by equally destructive price spikes. This is to ensure that Saudi and OPEC can satisfy their fiscal breakeven target and prevent price volatility that deters important sector investment. With Brent oil prices averaging US$80 bbl in 2023 the US shale industry showed capital discipline and, with productivity gains slowing, shale production flatlined. If oil prices were to be weaker in 2024 and the rig count were to remain flat at 430 in the Eagleford, Bakken and Permian basins then US Shale production may also decline from the 10.3mb/d in 2024, with Thunder Said Energy, the research consultancy for energy technologies and the energy transition, estimating a decline of up to 0.4mb/d as a possible outcome.

In the medium term, views on oil price vary considerably. Our view is the increasing cost of capital to the oil and gas sector means that projects need to offer greater returns to ensure they meet levered hurdle rates. This is likely to reduce the number of attractive projects and result in an increased number of prioritisation conflicts whereby projects that feature high on one partner's list may not make the capital hurdles of another partner.

Henry Hub, the US benchmark natural gas spot price rose above US$3.60/mmBtu in October for the first time in 2023 since January. Moving into 2024 the gas price looks weaker than it has been for some time with NBP declining in the first two months of 2024 to around 60 pence per therm. In 2023 and 2024 gas markets appear to be better supplied than they truly are due to a buildup of excess inventories as insurance in 2022 post Russia's invasion of the Ukraine and a reduction in heating days in 2023. This is likely to be temporary, 2023 was the warmest year on record globally. Thunder Said Energy estimates that European heating degree days fell from 3,000 in 2021 to 2,700 in 2022 to 2,600 which was the lowest ever on record. 45% of European gas is used for heat. As a consequence, European gas demand averaged 45bcfd from 2012 to 2021, the demand fell back to 40bcfd in 2022. Europe's indigenous gas supply looks light at 7bcfd in 2023 down from a peak of 24bcfd 20 years ago. Europe is reliant on gas imports which account for 80% of Europe's gas. As Russian supplies have collapsed Europe has relied on LNG imports. There is a large amount of LNG export capacity expected to come online between 2024-2028, and it is expected that much of this LNG will make its way from the US to Asia. Global gas demand between 2021 and 2030 is projected to grow at some 400bcm equating to around 10% in total over the period, with China and the Middle East accounting for 80% of the growth. Global LNG capacity is expected to increase by 350bcm between 2022 and 2030, an increase of 60% over 2022 capacity. Lambert Energy forecasts that new capacity additions are unlikely to lead to softer market conditions for long as softer prices will unlock latent demand and are required for coal to gas switching. Furthermore, supply cost analysis suggests that average delivered US gas needs $9mmbtu (70 pence per therm) to breakeven. The big wave of LNG growth comes in 2026 as Qatar starts its enormous 50mtpa expansion.

Both the near and long term outlooks for gas are very difficult to predict. The near term outlook is somewhat driven by Russia/Ukraine conflict and the collapse of gas supplies, China and its policy of energy security over phasing out coal and the possibility 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 industrialise 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.

ESG

As an E&P 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 the continued use of coal is preventing energy shortages but is challenging progress to global decarbonisation. Many countries outside Europe are now focused again on energy security. Despite all the progress made in the energy transition global coal use, 2023 hit new highs of 8.5GTpa, which was 1GTpa higher than forecast by the IEA 5 years ago. This has been driven by higher than expected coal use in China and India. China now has 1.1TW of coal fired power stations providing two-thirds of the nation's power grid. 243GW of new coal plants have been approved and another 149GW are in planning. This is compared to the entire UK power grid being 30GW. Thunder Said Energy observes a rift growing between what the emerging world is likely to do with coal consumption and what would need to happen if the world's energy system is to transition to net zero by 2050. To reach net zero by 2050 gas is an essential transition fuel and coal substitution is required.

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 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 a key transition fuel, the rationale is to displace coal where consumption of 8.5GTpa 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 are likely to have an estimated population of 9.5 billion people using an estimated 120,000 TWH pa (source Thunder Said Energy) of useful energy to have zero emissions. The required ramp up of these transition technologies is enormous, and it will need to be supported by nuclear, gas and oil supplies. Without considerable investment in these traditional energy supplies we could see another commodity super-cycle or coal not being substituted out of the energy generation mix.

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. We are pleased that that in the case of Malaysia we are focused on large gas prospects relatively close to onshore LNG trains.

Report on operations

Operationally 2023 was a quieter period compared to the two previous years when the company participated in one of the most active independent exploration drilling campaigns in Norway. In early August the drilling of the OMV operated Velocette well commenced (Longboat JAPEX 20%) targeting a large gas-condensate prospect on the eastern flank of the Utgard High in the Norwegian Sea. In September 2023 we announced a minor gas discovery where the well encountered hydrocarbons in the primary target in Cretaceous turbidity sands in the Nise formation. The Velocette volumes are at the lower end of pre-drill expectations and the discovery is not considered to be commercial in isolation. However, the licence contains several other prospects which have been de-risked by the presence of gas in good quality reservoir in the Velocette well. The remaining prospectivity has size potential in multiple structures with slightly different trapping geometries. Further assessment of the licence prospectivity together with other opportunities in the area could impact the commercial potential of the licence. High quality data and gas and fluid samples were collected in the exploration well and these will be integrated into the updated prospect evaluations.

Acquisition of the producing Statfjord satellites in Norway was announced in early July 2023 and completed at the end of January this year. This is a significant acquisition as it represents not only Longboat's first production acquisition but also demonstrates the ability of the Longboat JAPEX joint venture to access and transact opportunities. The 4.80% unitised interest in the Statfjord Øst Unit and 4.32% unitised interest in the Sygna Unit represent long-term cash flow with the fields expected to produce until the late 2030s. Initial production of 300 boepd net to Longboat JAPEX is anticipated to approximately double in 2024 following a five well in-fill drilling programme. The drilling and gas-lift installation is now complete. On 26th March 2024, three of the five new Statfjord Øst wells had been brought on stream bringing production from the fields to 600 boepd net to Longboat. The two remaining new wells need minor equipment repairs, which is being planned with the two wells expected on stream in May and July respectively. There have been delays, in both the development programme and production ramp up, and cost overruns which together have had a significant negative impact on the joint venture's projected working capital. The acquisition of the Statfjord Satellites has been funded by a combination of the investment by JAPEX into Longboat JAPEX and by drawing approximately US$17 million on the Acquisition Bridge Facility provided by JAPEX to the Joint Venture in January 2024. The drawing is greater than originally forecasted due to negative working capital movements related to delays and the additional costs in bringing new wells on-stream.

The Company is exploiting its in-house expertise on inectite sands to building its position in the prolific Kveikje area where multiple recent discoveries have been made. In January 2023, we were awarded a 30% licence interest with a firm well on the Kjøttkake/Lotus prospect in the APA licensing round, which is located 4km southeast of the Kveikje discovery and is expected to contain analogous injectite sands to the sand encountered in Kveikje. Based on company estimates Kjøttkake/Lotus has gross mean prospective resources of 27 mmboe with an upside of 44 mmboe. The estimated chance of success is 56%. The Kjøttkake/Lotus prospect will be drilled using the semi-submersible Deepsea Yantai and is expected to be drilled during Q3 2024. In December we announced a 2:1 farm down of our interest, whereby in return for a full carry Longboat JAPEX's interest reduced to 15%, – a deal which we completed in January 2024.

In July the Company announced that a new licence group had been formed and an extended work period was granted in licence PL1049. The licence has been stratigraphically split and the company retained 40%. The objective is to pursue two prospects, Jasmine and Sjøkreps in the Tertiary play, which has been proven to be successful in the area including in Longboat JAPEX's Kveikje discovery in PL293B, only 12 km to the East. The prospects will be de-risked by neighbouring wells and by new reprocessed modern high quality seismic data before a drilling decision has to be made. In December 2023 the Company announced a farm down of this licence reducing Longboat JAPEX's interest to 25%, with a partial carry of 15%, – a deal which was completed in January 2024.

Corporate Activity

There were two corporate transactions undertaken in 2023 in Norway and SE Asia.

In July, Japan Petroleum Exploration Co., Ltd (JAPEX) acquired a 49.9% interest in the company's Norwegian subsidiary to create the new joint venture company Longboat JAPEX. JAPEX made a total equity investment of US$20 million made up of two tranches with the initial cash investment of US$16 million which was settled on completion in July 2023, and a second tranche of US$4 million linked to the acquisition of the producing Statfjord satellites, which was settled in January 2024. £2.6 million of fair value was attributed to the Velocette tranche as part of the transaction and has subsequently been confirmed as non-recoverable and written off in 2023 following the absence of a commercial well, post drilling. As part of the investment, JAPEX has also provided the joint venture with a five-year, US$100 million Acquisition Finance Facility to finance acquisitions and associated development costs. The Facility will be available for drawing for the first three years subject to certain conditions, and was utilised in part to secure the completion of the Statfjord satellites. In addition, a number of JAPEX employees have joined the joint venture in Norway strengthening the commercial and technical capability of the joint venture.

In September, the Company expanded its business in SE Asia through the acquisition of privately held Topaz Number One Limited, increasing its working interest in the Production Sharing Contract over Block 2A offshore Sarawak, Malaysia to 52.5% and simplifying the process towards a positive well decision and the potential introduction of an additional funding partner prior to drilling. In addition, the Topaz team of James Menzies and Pierre Eliet joined the Company bringing extensive regional expertise and an established network, accelerating Longboat's ambitions to build a full cycle E&P business in SE Asia.

Financial review

On 14 July 2023, the Group's Norwegian subsidiary became a joint venture with JAPEX, creating Longboat JAPEX. The Board of Directors now consists of three appointees from both shareholders with Helge Hammer as Chairman and Satoshi Abe as Deputy Chairman. In addition, Tetsuji Shibuta was appointed as Deputy Managing Director with Hilde Salthe continuing as Managing Director. This transaction resulted in Longboat Energy plc and JAPEX sharing control of Longboat JAPEX, and although it was effected by way of a new share issue by the Norwegian subsidiary, under IFRS it was deemed a disposal in the consolidated Group accounts. Therefore, effective from 15 July 2023, the results of Longboat JAPEX are separated out in the income statement and disclosed as a loss in equity accounted joint venture. The results pre-completion (1 January – 14 July 2023) are broken down between continued operations (the Company) and discontinued operations (Longboat JAPEX). Longboat JAPEX is now shown as an equity accounted joint venture in the statement of financial position. At the year end the stand alone balance sheet for Longboat JAPEX had drawings under its EFF of £16.0 million (31 December 2022: £36.8 million) which will be repaid from the Norwegian Government's tax rebate of £17.4 million (31 December 2022: £40.8 million). The standalone total comprehensive loss for Longboat JAPEX for the full year was £10.9 million. (2022: 12.2 million), of which £5.3 million relates to pre-sale losses, included in the discontinued operations section in the consolidated Income Statement (see note 10 for breakdown). A further £2.8 million related to the Longboat Energy plc's share of post-sale loss and was recorded as a loss from joint venture in the consolidated accounts (see note 15 for details) with the remainder relating to ongoing activities.

The Group had a cash position at the end of the period of £3.7 million (2022: £12.1 million), with no consolidated exploration finance facility (EFF) borrowings due to the balances of Longboat JAPEX no longer forming part of the consolidated balance sheet.

The continuing operations loss after taxation for the period, excluding other comprehensive income, was £9.3 million (2022: £2.6 million), with a profit on discontinued operations being £5.1 million (2022: loss of 12.9 million). The profit from discontinued operations comprises the gain of £10.5 million arising on the creation of the Longboat JAPEX joint venture (see note 10 for details), the write-off of the Egyptian Vulture exploration well costs £10.4 million, and £4.3 million of administrative costs, partially offset by a tax credit of £9.4 million. The gain on sale arose as a result of establishing the joint venture with JAPEX. This was calculated from the fair value of the consideration received from JAPEX, which comprised a risked, discounted value for each tranche of consideration (see note 10 for details) equating to £17.5 million. This was then grossed up to represent the value of the retained investment, calculated to be £17.6 million. The consideration less the net book value of the net assets disposed from the Group of £7.0 million makes up the gain of £10.5 million.

For continuing operations, the contingent consideration related to the Velocette Tranche of the joint venture agreement was written off, £2.6 million (see note 15 for details). Also included in continuing operations is the £2.8 million loss on joint venture which relates to the Company's share of Longboat JAPEX results from 15 July – 31 December 2023.

Administration costs were £4.3 million (2022: £2.7 million), which includes salaries, social security and pension costs for the continuing operations of £1.8 million (2022: £1.4 million). The IFRS 2 non-cash charge for continuing operations in the period in relation to the FIP, LTIP and CIP schemes was £0.20 million (2022 £0.16 million).

The key post balance sheet event for Longboat JAPEX was the completion of the acquisition of the Statfjord Satellites representing a 4.80% unitised interest in the Statfjord Øst Unit and a 4.32% unitised interest in the Sygna Unit. Production from the Statfjord Satellites averaged net 254 boepd in 2023 and is currently at net 600 boepd. Development drilling operations have been completed and the operator, Equinor, is currently in the process of commissioning the remaining new wells in Statfjord Øst which were brought on stream during 2024 rather than 2023. After the period end, Longboat JAPEX drew down US$17 million on the Acquisition Finance Facility, due for repayment at end of 2024, to fund the Statfjord satellites acquisition and provide additional working capital. The additional working capital was required as a result of production start-up delays and cost overruns.The drawing is greater than originally forecast due to negative working capital movements related to delays and increased costs.

The Directors have completed the going concern assessment, taking into account cash flow forecasts up to the end of 2025, sensitivities to those forecasts and stress tests to assess whether the Group is a going concern. The base case scenario includes the repayment of the Longboat JAPEX facility draw downs at the end of 2024 and makes assumptions around the final development costs and start up dates for the recently acquired Statfjord Satellites development wells, including initial start up of the development wells in April 2024 and the levels of business development activities and their chances of success.

Having undertaken careful enquiry, the Directors are of the view that the Company and Group will need to access additional funds during 2024 in order to fund on-going operations and pursue growth opportunities. This is in line with the Company's current activities of exploring, maturing its discoveries and seeking acquisitions.

The Group is forecast to have limited liquidity during H2 2024 under the base case and will require additional funding. It is anticipated that funding will be sourced through asset disposals, farm downs, the issue of new equity, dilution in the Company's joint venture or a combination of all these actions.

To the extent that growth opportunities will support debt, this will be considered where appropriate for example to support production acquisitions. The financial statements for the period to 31 December 2023 have been prepared assuming the Group will continue as a going concern. In support of this, the Directors believe the liquid nature of asset market combined with historical shareholder support, adequate funds can be accessed when required. However, the ability to access such funding detailed above 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.

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 majority of the company's assets are exploration and appraisal focused where decisions tend to be short term. When the company has material production it will map its path to reduce / offset emissions.

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 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 physical operational activities have been focused solely offshore Norway and Malaysia which are both 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 three 100% owned subsidiaries Longboat Energy (2A) Limited, Longboat Energy (SE Asia) Sdn. Bhd., Topaz Number One Limited and a 50.1% interest in Longboat JAPEX Norge AS (previously Longboat Energy Norge AS and held 100% at the end of the previous period) jointly controlled with JAPEX.

Results and review of financial performance

The Group's loss after taxation for the year to 31 December 2023 was £4.4 million (2022: £15.5 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, production revenues are established and when it becomes commercially prudent to do so.

Outlook

The focus of the Directors is to secure suitable M&A acquisitions, in both Norway and SE Asia, 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
Chief Executive

10 April 2024

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, since when there have only been two appreciable changes in those risks as follows:

- Materiality – the Company's market capitalisation is modest by E&P standards (approximately £12 Million, 5 April 2024) 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 if successful the impact on existing shareholders' that do not participate in any fund raising where their shareholding in the enlarged Company may be materially reduced as a consequence. In addition, any major acquisition will be classed as a 'reverse takeover' under the AIM Rules which also brings significant costs and whilst many advisers do work on a partial contingent basis the costs of a failed reverse takeover are material.
- Going Concern – Longboat Energy plc currently has no source of income and is reliant on its existing cash resources. In the event that the Company does not succeed raising further capital to finance new transactions and existing operations, the Company's ability to continue to trade will be at risk. In addition, the Company's joint venture, Longboat JAPEX (50.1%), will also require further capital from its shareholders.
- Developments – these programmes are exposed to the risk of both delays and cost overruns. In 2023 Longboat JAPEX acquired an interest in the Statfjord East field which is in the process of completing a redevelopment programme and which has been subject to a delayed start up, originally forecast for mid-2023, and increased costs. Any further delays and cost overruns will have an additional negative impact on Longboat JAPEX's cash position which will seek further funding from its shareholders including the Company potentially impacting both entities ability to continue as a going concern.

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 number of banks willing to lend to the oil and gas industry continues to reduce. 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 overruns 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. Costs are incurred in screening and pursuing acquisitions and these are not recouped in the event of an unsuccessful process.	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 2023

The Directors present their annual report with the financial statements of the Company for the period from 1 January to 31 December 2023.

Incorporation and listing

The Company was incorporated on 28 May 2019, 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:62) – 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:55) – 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 44) – 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: 63) – 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 Rhino Resources Ltd. Graham is Chairman of the Nomination Committee of the Company.

Brent Cheshire CBE *Senior Independent Non-Executive Director (Age: 69) – 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:46) – 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 was the Chief Executive Officer of Wentworth Resources Plc, an AIM quoted oil and gas company with gas production up until December 2023. Katherine was an independent Non-Executive Director of Faroe Petroleum plc from 2018 until 2019 and was also a Non-Executive Director of ITM Power PLC, a leading manufacturer of integrated hydrogen energy solutions up until September 2023. Katherine is Chair of the Audit Committee and a member of the Remuneration Committee.

Jorunn Johanne Saetre *Independent Non-Executive Director (Age: 67) – 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 has served as member of the Corporate assembly of Hydro, the fully integrated aluminium. 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 2023, the Group's loss after taxation was £4.4 million (2022: £15.5 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 25 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 2023, 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:

	Ordinary shares 2023*	Ordinary shares 2022*
Helge Hammer	1,077,023	837,023
Jonathan Cooper	341,516	333,432
Graham Stewart	350,000	350,000
Jorunn Saetre	51,667	51,667
Nicholas Ingrassia	218,366	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 39.

Substantial shareholdings as at 1 April 2024

Shareholder	Number of Ordinary Shares	Shareholding (%)
Progressive Capital Partners	8,130,208	14.2%
River Global Investors	4,881,666	8.5%
A.Bruce	3,842,500	6.8%
Janus Henderson	3,000,000	5.3%
E.Machnikowski	2,245,690	4.0%
AXA Investment Managers	2,193,842	3.8%
Canaccord Genuity Wealth Management	2,133,332	3.7%

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 forthcoming 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 39. 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, eleven in Norway and two in Malaysia 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 s172 Statement on pages 11 and 12.

Financial risk profile

The Group's financial instruments are comprised 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 13 to 16. 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 (2022: 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

10 April 2024

Directors' responsibilities statement

For the year ended 31 December 2023

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 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 Company and 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 2023

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 CEO 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 principal operations are based in Norway (Longboat JAPEX 50.1%) which is 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. Following 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, 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. It is the Company's intention to acquire additional 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. Environmental management is an integral part of the BMS and includes 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.

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 2023 from the well that Longboat had an equity interest in (2022: 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
The Chairman of the Company, will 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 CEO and approved by the Board. The Executive Committee, led by the CEO, 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 with a portfolio of attractive E&P assets including material production interests, both in Norway and in South East Asia. 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 CEO, Corporate Development Director, and the CFO 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	3		2	
Brent Cheshire	4	4	2	3
Katherine Roe(2)	3	3		3
Jorunn Sætre	4	4	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 arising from illness or urgent overseas work obligations unrelated to the Company

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 (i) Mr Stewart, who is chair of another quoted company and (ii) Ms Roe who was an executive director and a non-executive director of two other quoted companies during the period but stepped down from both boards during the period (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. At 31 December 2023, the Directors of the Company held 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				
Jonathan Cooper	1	–	1	4
Helge Hammer	–	–	1	3
Nicholas Ingrassia	–	–	3	3
Non-Executive Directors				
Graham Stewart	–	2	–	4
Brent Cheshire	1	–	1	1
Katherine Roe	1	–	1	1
Jorunn Sætre	1	–	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.*

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 17 & 18 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 17 & 18. Each year the Nomination Committee carries out an evaluation process of the Board and its Committees, the last being undertaken in December 2023, details of which are included in the Nomination Committee Report on page 29.

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 keep 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 CEO, Corporate Development Director, and the CFO 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 CEO, 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 2023 Annual General Meeting, all 12 of the resolutions were passed, with an average of 99.6% votes cast in favour with the lowest being 99.1% in favour.

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, taking into account cash flow forecasts up to the end of 2025, sensitivities to those forecasts and stress tests to assess whether the Group is a going concern. The base case scenario includes the repayment of the Longboat JAPEX facility draw downs at the end of 2024 and makes assumptions around the final development costs and start up dates for the recently acquired Statfjord Satellites development wells, including initial start up of the development wells in April 2024 and the levels of business development activities and their chances of success.

Having undertaken careful enquiry, the Directors are of the view that the Company and Group will need to access additional funds during 2024 in order to fund on-going operations and pursue growth opportunities. This is in line with the Company's current activities of exploring, maturing its discoveries and seeking acquisitions.

The Group is forecast to have limited liquidity during H2 2024 under the base case and will require additional funding. It is anticipated that funding will be sourced through asset disposals, farm downs, the issue of new equity, dilution in the Company's joint venture or a combination of all these actions.

To the extent that growth opportunities will support debt, this will be considered where appropriate for example to support production acquisitions. The financial statements for the period to 31 December 2023 have been prepared assuming the Group will continue as a going concern. In support of this, the Directors believe the liquid nature of asset market combined with historical shareholder support, adequate funds can be accessed when required. However, the ability to access such funding detailed above 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 four 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, particularly within the joint venture (see Financial Review); and the Company's going concern assessment and related disclosures (see note 1.4 to the Annual Report and Accounts). In addition, the Audit Committee focused on the appropriateness of the accounting policies, their application and disclosure in relation to the JAPEX transaction and the financial reporting implications thereof.

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, CEO, CFO and senior management.

The external audit function plays an important part in the 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 Company'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 2023, 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.

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 2023 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 the Nomination Committee:

- reviews the structure, size and composition of the Board;
- carries out succession planning for the Board and senior management;
- maintains responsibility 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;
- maintains responsibility for using open advertising or appointing any external advisors to facilitate the search for suitable candidates; and
- maintains responsibility 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 to 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 2023. 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
2023 has been another relatively quiet year for the Remuneration Committee with the exception of the changes to certain aspects of the Company's incentive schemes taken in August 2023. This and the other remuneration related decisions made by the Committee over the period can be summarised as follows:

Base salary increases
Inflationary salary increases were awarded to all employees, including the Executive Directors, effective 1 January 2024 at the rate of 4.5% in the UK and 4% in Longboat JAPEX in Norway, where inflation has been lower. The Committee determined that the inflationary increases were 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.

2023 annual bonus
The 2023 Executive Directors annual 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 to the Executive Directors at the year-end under the 2023 bonus scheme. However, an interim bonus was paid to the Corporate Development Director in relation to the delivery of certain business development goals.

Long Term Incentive Plan (LTIP)
During 2023, the Committee made grants under the Company's LTIP to all employees including 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 27.

Co-investment Plan (CIP)
During 2023, various awards were made to the Executive Directors, as well as other employees, as detailed in Note 26.

Non-Executive Directors' fees and Chairman's fee
During 2023, the Committee reviewed the Chairman of the Board's annual fee and those paid to the Non-Executive Directors were reviewed by the Board. No adjustments for inflation were made in the previous period to 31 December 2022 and so the Board of Directors deemed it appropriate that an increase of 5% be applied to all fees from 1 January 2024.

Longboat JAPEX Norge AS
Following the formation of this joint venture in the summer of 2023, the Committee now only has an advisory role when considering the remuneration of the employees of this company but will seek to maintain a consistent approach to remuneration across the whole group.

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 99.7% 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 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. The Remuneration Committee continues to take the views of shareholders seriously, which will be considered when evaluating and setting ongoing remuneration strategy.

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 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.
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.

Objective and link to strategy	Operation	Maximum opportunity	Performance assessment
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.
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 subsequent 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. However, the Company plans to restrict dilution to 10% of its share capital, in line with market practice, by the end of 2024 to be achieved by a combination of the anticipated lapse of existing awards together with the lapse and surrender of awards made under the Founders Incentive Plan.		

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 (continued).	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. 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 by the time of the 2026 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*	Appointment to	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, with not more than 10% of the Company's issued ordinary share capital may be issued under the FIP.

At present, the Company may issue up to 15% of its share capital within a ten-year period to satisfy awards to participants in the FIP, the Long Term Incentive Plan and Co-Investment Plan. The Company plans to restrict dilution under this limit to 10% of its share capital, in line with market practice, by the end of 2024 to be achieved by a combination of the anticipated lapse of existing awards made under the Plan and FIP together with the surrender of certain awards made under the FIP, as set out below.

To limit potential dilution and bring it in line with market practice, the following founders have surrendered their awards under the FIP which would otherwise entitle them to receive awards of Nil Cost Options up to the following maximum percentages of the Company's issued share capital:

Founder	Title	ISC%
Helge Hammer	CEO	2.35%
Jon Cooper	CFO	1.91%
Julian Riddick	Company Secretary	1.85%

The remaining awards to Graham Stewart (Chairman) and other founder equivalent to 3.8875% of the Company's issued share capital will be measured against the financial performance conditions set out below on 28 November 2024, and if not met, will expire.

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 and Second Measurement Dates of 28 November 2022 and 28 November 2023, were not sufficient to enable the awards to vest.

Measurement Date	Threshold Total Shareholder Return	Measurement Total Shareholder Return
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

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 sets the performance conditions at the time of each award, which is normally 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.

Whilst 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, the Company plans to reduce this limit to 10% of its share capital, in line with market practice, by the end of 2024.

Following the surrender of certain FIP awards, On 3 August 2023 awards under the LTIP were made to the Executive Directors as summarised below together with all other and employees, as summarised in Note 26.

Executive Director	LTIP Award No.	Issued Share Capital %
Helge Hammer	660,000	1.16
Jonathan Cooper	550,000	0.97
Nick Ingrassia	550,000	0.97

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 certain other 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 3 August 2023 conditional awards of Matching Shares were made to the following Executive Directors:

Executive Director	Investment Shares No.	Value £	Price £	Matching Shares No.	Issued Share Capital %
Helge Hammer	240,000	64,045	26.7	240,000	0.42%
Jonathan Cooper	8,084	2,000	24,7	8,084	0.01%
Nick Ingrassia	39,343	10,313	26.2	39,343	0.07%

Annual bonus – 2023 structure and outcome

During 2023, the Company operated an annual bonus scheme for all employees and Executive Directors. The maximum level of bonus award for Executive Directors for the year was 125% of annual salary. For all participants, bonus awards were conditional upon 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 10%) – which includes HSE, governance and sustainability targets (score; 6.3%)
- Corporate & Business development (weighting 45%), which includes new business (score; 15.0%);
- Delivering sub-surface success (weighting 20%) which includes operational performance (score; 10.0%);
- Financial Performance (weighting 15%) which includes actual/budget targets and debt financing (score; 12.5%);
- Personal performance (weighting 10%) measured by behaviour and performance (score; 5.0%)

The score of 48.8% did not meet the minimum threshold of 50% (required to achieve the minimum 20% pay-out) and no performance bonus for the year 2023 was paid to the Executive Directors or Company Secretary. An interim bonus was however paid to the Corporate Development Director in relation to the delivery of certain business development goals.

Total Remuneration of Executive Directors

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

	Base salary[4] £	Bonus[1] £	Other benefits £	Share costs[2] £	2023 Total £	2022 Total £
Helge Hammer[3]	320,421	–	1,362	–	321,783	352,242
Jonathan Cooper	270,000	–	6,125	–	276,125	309,960
Nicholas Ingrassia	257,400	49,680	3,287	–	310,367	282,162

1 *interim bonus paid in relation to business development goals*

2 *Non-cash, relates to market value of shares issued to settle options which vested in the period.*

3 *Converted at an exchange rate of 13.1667 NOK/£*

4 *Does not include pension paid as salary*

Total Remuneration of Non-Executive Directors

	Base £	Additional fee[1] £	Other benefits £	2023 Total £	2022 Total £
Graham Stewart	103,750	–	7,214	110,964	110,315
Brent Cheshire	70,000	–	–	70,000	70,000
Katherine Roe	60,000	–	–	60,000	60,000
Jorunn Saetre[2]	49,448	–	–	49,448	49,928

1 *For chairing the Nomination, Remuneration and Audit Committees & acting as Senior Independent Director*

2 *Converted at an exchange rate of NOK 13.1667/£1*

Total pension contributions made to the Executive Directors

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

	2023 Total £	2022 Total £
Helge Hammer[1]	24,706	37,010
Jonathan Cooper	33,750[2]	31,250
Nicholas Ingrassia	32,175[3]	28,750

1 *Converted at an exchange rate of NOK 13.1667/£1*

2 *£23,750 paid as salary*

3 *£22,175 paid as salary*

Independent Auditor’s Report

For the year ended 31 December 2023

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 2023 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 subsidiaries and joint venture (the ‘Group’) for the year ended 31 December 2023 which comprise the Group statement of comprehensive loss, the Group and Company statements of financial position, the Group and Company statements of changes in equity, the Group statement of cash flows and notes to the financial statements, including material accounting policy information.

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 attention to note 1.4 of the financial statements, which explains that the ability of the Parent Company and the Group to continue as a going concern is dependent on obtaining additional funding in order to meet their expected liabilities and commitments as they fall due, which is not guaranteed. These events or conditions, along with other matters as set out in note 1.4 indicate that material uncertainties exist, which may cast significant doubt over the Parent Company’s and the Group’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. Our evaluation of the Directors' assessment of the Parent Company's and the 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, including the Board's assessment of risks and uncertainties, together with the supporting cash flow forecasts prepared by the Directors. In doing so, we formed our own assessment of risks and uncertainties based on our understanding of the business, current economic conditions and our knowledge of the oil and gas sector;
- We examined the cash flow forecasts and evaluated the significant assumptions made by the Directors in preparing the projections including: comparing forecast commodity prices to market data; comparing forecast production volumes to the Competent Person's Report prepared by management's expert; assessing management's expert's competence and objectivity; assessing the assumptions regarding the timing of development wells and associated costs; and comparing forecast exploration costs to budgets and the terms of license and farm-in agreements. In addition, we evaluated forecast general and administrative costs to recent actuals;
- We reviewed the loan facility agreements to evaluate the relevant terms and conditions and checked if the forecast appropriately reflects the drawdowns and required repayments under those agreements;
- We considered the Directors' sensitivity analysis on the forecasts in respect of potential exploration cost overruns and the timing of reaching targeted production and sales levels from producing assets acquired in January 2024;
- We considered scenarios related to new business development activities and their impact on incremental funding needs; and
- We reviewed the adequacy of the 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 (2022: 100% of total assets and loss for the year)		
Key audit matters		2023	2022
	Going concern	✓	✓
	Partial divestment and deconsolidation of Norwegian subsidiary	✓	x
	Carrying value of exploration assets	✓	✓
Materiality	*Group financial statements as a whole* Group materiality was determined based on 3.5% of net assets being £0.59m (2022: £0.89m based on 1% total assets). The materiality benchmark was updated for the current year audit following the deconsolidation of Longboat Norge AS and recognition of an equity accounted joint venture investment. We consider net assets to be an appropriate benchmark based on the focus of the Group on the performance of the joint venture accounted for using the equity method.		

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 the Directors 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 Longboat JAPEX Norge AS ("LJN"), a joint venture based in Norway. The Group audit team performed a full scope audit on the Parent Company. The Norwegian joint venture was subject to a full scope audit by a BDO member firm. The remaining non-significant components were subject to analytical review and specific audit procedures.

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 Carrying Value of Exploration Assets 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 file in Norway using our online audit software platform and held regular calls and video-conferences with the component audit team. In addition, we visited Norway to meet with the component auditor and component management to consider relevant audit findings and conclusions.
- 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.

Key audit matter		How the scope of our audit addressed the key audit matter
Partial divestment and deconsolidation of Norwegian subsidiary (see notes 3, 10, and 15)	On 14 July 2023, the Parent Company and its subsidiary – Longboat Norge AS ("Norge") entered into an Investment Agreement with Japan Petroleum Exploration Co. ("JAPEX"), whereby Norge issued 49.9% of its total enlarged issued share capital to JAPEX, and was renamed to Longboat JAPEX Norge AS ("LJN"). Management determined that under the terms of the transaction, control was lost and LJN represents an equity accounted joint venture. The consideration comprised cash ($16m) and contingent cash consideration ($4m) which is based on the completion of the Statfjord Satellites oil and gas properties acquisition, and a commercial discovery at Velocette (up to $30m). The Velocette well was drilled in the current financial year and determined by management to be non-commercial.	• We evaluated management's paper, analysing the accounting treatment of their divestment of 49.9% shareholding in Norge to JAPEX. • We reviewed the relevant agreements and evaluated the appropriateness of the accounting treatment and disclosures. This included specific evaluation of the contractual terms conferring joint control, appropriateness of the treatment of Norge as a discontinued operation and accounting for the initial recognition and subsequent measurement of the equity accounted joint venture investment, including the gain on disposal of subsidiary. • We agreed the equity issuance and cash received as a result of the agreement to supporting evidence. • We consulted with our internal technical accounting experts on complex aspects of the accounting treatment, including: accounting and disclosures related to the contingent consideration as part of the Group's investment valuation and its subsequent write-off upon receipt of the Velocette drilling results; and accounting for contingent consideration at LJN.

Key audit matter		How the scope of our audit addressed the key audit matter
	The transaction and related disclosures were considered to represent a significant audit risk and key audit matter given its relative accounting complexity and the estimates and judgments management were required to make in determining the fair value of contingent consideration and subsequent effects of the drilling outcome at Velocette.	• We assessed the accuracy and completeness of the accounting entries for the deconsolidation, and the recognition of the joint venture. • We evaluated the estimates and judgments associated with the fair value of contingent consideration receivable, agreeing inputs including values and geological success probabilities, to contract terms, external evidence, where possible, and through discussions with the Group's geologists in their capacity as management's experts. • We conducted sensitivity analysis on assumptions, including the probability of geological discovery and assessed the appropriateness of management's estimates, including review of post balance sheet events related to the contingent event of closing the Statfjord Satellites oil and gas properties acquisition. In respect of the Velocette contingent consideration we evaluated the impact of the subsequent drilling results and confirmed that the initial fair value recorded was subsequently impaired. • We evaluated the adequacy of disclosures in the financial statements in relation to the transaction. **Key observations:** We found management's accounting treatment, estimates, judgments and disclosures to be appropriate.

Key audit matter		How the scope of our audit addressed the key audit matter
Carrying value of exploration assets in LJN (see notes 3, 10, 13, 15 and 29)	The Group's equity accounted joint venture investment in LJN is underpinned by LJN's exploration activities and LJN's exploration assets form a significant part of its balance sheet. The impairment of LJN's asset can have a significant effect on the Group's performance given its 50.1% equity participation. 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").	• We assessed the Group's and LJN's accounting policies 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 the exploration program. • We corroborated the exploration status and management's assessment of drilling results with respect to each licence through inquiries with the Group's geologists;
Carrying value of exploration assets in LJN (see notes 3, 10, 13, 15 and 29)	As detailed in notes 3, 10, 13 and 15 the Directors identified impairment indicators in respect of the Egyptian Vulture and Velocette licences with associated costs written off in the period. 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 to the Group's overall equity accounted joint venture investment and the level of judgement being exercised in the impairment indicator review and resulting impairment assessments.	• In respect of the licences (Egyptian Vulture and Velocette), where the decision was taken to write off the associated exploration costs due to limited or no prospectivity, we obtained evidence of the results as reported by the Operator and made inquiries regarding future plans for the licences; • We inspected the Group's budget and strategic plans for future exploration and development to verify that expenditure has been planned and budgeted on the licences with material exploration costs carried on the LJN balance sheet as of 31 December 2023 (Oswig and Kveikje); and • 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 impairments recorded and the carrying value of the exploration assets to be appropriate.

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	
	2023 £m	2022 £m	2023 £m	2022 £m
Materiality	0.59	0.89	0.22	0.30
Basis for determining materiality	3.5% of net assets	1% of total assets	1.5% of total assets	1.5% of total assets
Rationale for the benchmark applied	The materiality benchmark was updated for the current year audit following the deconsolidation of Longboat Norge AS, as a result of the transaction with JAPEX. We consider net assets to be an appropriate benchmark based on the focus of the Group on the performance of the joint venture accounted for using the equity method.	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 asset based measure of materiality.	Given the asset-based focus of the business as a holding company we considered it appropriate to adopt a total asset based measure of materiality.
Performance materiality	0.44	0.67	0.17	0.22
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 significant component other than the Parent Company, was set at £415,000 (2022: £715,000). 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 £9,200 (2022: £24,000). 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[1], 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 and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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 most 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 made inquiries of management and the Board and reviewed Board and Committee minutes to identify any instances of irregularities or non-compliance.

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 considered may 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
London, UK
10 April 2024

Statement of Comprehensive Loss

As at for the year ended 31 December 2023

GROUP	Notes	2023 £	2022 £
Other income	**6**	641,275	–
Administrative expenses		(4,292,670)	(2,660,798)
Operating loss	**6**	(3,651,395)	(2,660,798)
Share of loss from equity accounted joint venture	**15**	(2,803,202)	–
Impairment of equity accounted joint venture	**15**	(2,639,976)	–
Finance costs	**8**	(51)	(112)
Net foreign exchange (loss)/gain		(364,366)	26,063
Investment income	**5**	155,397	42,374
Loss before taxation from continuing operations		(9,303,593)	(2,592,473)
Income tax	**9**	–	–
Loss for the year from continuing operations		(9,303,593)	(2,592,473)
Profit/(loss) for the period from discontinued operations, net of tax	**10**	5,116,559	(12,880,134)
Loss for the period		(4,187,034)	(15,472,607)
Other comprehensive income / (expense)			
Currency translation income from joint venture		349,929	–
Currency translation income on disposal of subsidiary		285,230	–
Currency translation expense on subsidiaries		(885,598)	(19,754)
Total items that may be reclassified to profit or loss		(250,439)	(19,754)
Total other comprehensive loss for the year		(250,439)	(19,754)
Total comprehensive loss for the year		(4,437,473)	(15,492,361)
Loss per share	**11**	**pence**	**pence**
Basic and diluted – continuing		(16.42)	(4.57)
Basic – discontinued		9.03	(22.73)
Diluted – discontinued		8.51	(22.73)
COMPANY			
Loss for the year		(2,801,898)	(15,476,033)
Total comprehensive expenses for the year		(2,801,898)	(15,476,033)

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 for the year ended 31 December 2023

GROUP	Notes	2023 £	2022 £
Investments in equity accounted joint venture	15	12,461,890	–
Exploration and evaluation assets	13	572,512	34,661,436
Property, plant and equipment	14	10,361	66,107
Trade and other receivables	17	–	98,368
Right of use asset	14	–	447,396
		13,044,763	35,273,307
Current assets			
Cash and cash equivalents		3,684,541	12,059,561
Inventories	16	–	123,432
Trade and other receivables	17	1,343,351	934,918
Current tax recoverable	18	–	40,755,157
		5,027,892	53,873,068
Total assets		18,072,655	89,146,375
Current liabilities			
Trade and other payables	19	894,237	5,225,497
Lease liabilities	20	–	122,612
Exploration Finance Facility bank borrowings	19	–	36,761,340
		894,237	42,109,449
Net current assets		4,133,655	11,763,619
Non-current liabilities			
Contingent consideration	12	239,688	–
Leases liabilities	20	–	366,968
Deferred tax liabilities	21	–	25,736,898
		–	26,103,866
Total liabilities		1,133,925	68,213,315
Net assets		16,938,730	20,933,060
Equity			
Called up share capital	24	5,710,812	5,666,665
Share premium account	25	35,605,370	35,570,411
Other reserves		450,000	450,000
Share option reserve	26	1,024,486	660,449
Currency translation reserve	27	310,803	561,242
Retained earnings		(26,162,741)	(21,975,707)
Total equity		16,938,730	20,933,060

The financial statements were approved by the board of directors and authorised for issue on 10 April 2024 and are signed on its behalf by:

Helge Hammer
Chief Executive

Statement of Financial Position

As at for the year ended 31 December 2023

COMPANY	Notes	2023 £	2022 £
Non-current assets			
Investments	**15**	13,884,659	13,465,865
Property, plant and equipment	**14**	10,361	14,266
Trade and other receivables	**17**	443,686	2,980,695
		14,338,706	16,460,826
Current assets			
Cash and cash equivalents		3,542,798	4,129,761
Trade and other receivables	**17**	1,174,473	359,422
		4,717,271	4,489,183
Total assets		19,055,977	20,950,009
Current liabilities			
Trade and other payables	**19**	683,291	458,256
Contingent consideration	**12**	239,688	–
		922,979	458,256
Net current assets		3,794,290	4,030,927
Total liabilities		922,979	458,256
Net assets		18,132,998	20,491,753
Equity			
Called up share capital	**24**	5,710,812	5,666,665
Share premium account	**25**	35,605,370	35,570,411
Other reserves		450,000	450,000
Share option reserve	**26**	1,024,486	660,449
Retained earnings		(24,657,670)	(21,855,772)
Total equity		18,132,998	20,491,753

The financial statements were approved by the board of directors and authorised for issue on 10 April 2024 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 2023

GROUP	Notes	Share Capital £	Share Premium Account £	Share option reserve £	Currency translation reserve £	Other reserves £	Retained earnings £	Total £
Balance at 1 January 2022		5,666,665	35,570,411	353,550	580,996	450,000	(6,503,100)	36,118,522
Year ended 31 December 2022								
Loss for 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
Year ended 31 December 2023								
Loss for the year		–	–	–	–	–	(4,187,034)	(4,187,034)
Other comprehensive income on joint venture		–	–	–	349,929	–	–	349,929
Other comprehensive income on disposal of subsidiary		–	–	–	285,230	–	–	285,230
Other comprehensive expense on subsidiaries		–	–	–	(885,598)	–	–	(885,598)
Credit to equity for equity settled share-based payments		–	–	364,037	–	–	–	364,037
Issue of share capital		44,147	34,959	–	–	–	–	79,106
Balance at 31 December 2023		5,710,812	35,605,370	1,024,486	310,803	450,000	(26,162,741)	16,938,730

Statement of Change in Equity

For the year ended 31 December 2023

COMPANY	Notes	Share Capital £	Share Premium Account £	Share option reserve £	Other reserves £	Retained earnings £	Total £
Balance at 1 January 2022		5,666,665	35,570,411	353,550	450,000	(6,379,739)	35,660,887
Period 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
Year ended 31 December 2023							
Loss and total comprehensive expense for the year		–	–	–	–	(2,801,898)	(2,801,898)
Credit to equity for equity settled share-based payments		–	–	364,037	–	–	364,037
Issue of share capital		44,147	34,959	–	–	–	79,106
Balance at 31 December 2023		5,710,812	35,605,370	1,024,486	450,000	(24,657,670)	18,132,998

Statement of Cash Flow

For the year ended 31 December 2023

GROUP	Notes	2023 £	2023 £	2022 £	2022 £
Cash flow from operating activities					
Cash absorbed by continuing operations	**31**		(3,953,732)		(2,616,492)
Cash absorbed by operating activities from discontinued operations	**32**		(2,663,342)		(4,957,680)
Net cash outflow from operating Activities			(6,617,074)		(7,574,172)
Investing activities					
Purchase of property, plant and equipment		(12,007)		(4,998)	
Purchase of exploration and evaluation assets		(148,906)		–	
Interest received		155,397		42,486	
Repayment of loan from Longboat JAPEX to Longboat plc		3,710,329		–	
Investing activities from discontinued operations		(5,655,406)		(43,116,021)	
Cash removed from Group on disposal		(1,693,429)		–	
Net cash used in investing activities			(3,644,022)		(43,078,533)
Financing activities					
Loan drawdowns		–		–	
Interest paid		(51)		(112)	
Financing activities from discontinued operations		2,027,204		35,179,319	
Net cash generated from financing activities			2,027,153		35,179,207
Net decrease in cash and cash equivalents			(8,233,943)		(15,473,498)
Cash and cash equivalents at beginning of year			12,059,562		26,282,067
Foreign exchange			(141,078)		1,250,992
Cash and cash equivalents at end of year			3,684,541		12,059,561
Relating to:					
Bank balances and short term deposits			3,684,541		12,059,561

Notes to the Financial Statements

For the year ended 31 December 2023

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 exemption adopted by the Company in accordance with FRS 101 are:

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

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 entities is sterling with the US dollar being the functional currency for Longboat Energy (SE Asia) Sdn.Bhd, and the Malaysian branches of Topaz Number One Limited and Longboat Energy (2A) Limited. Longboat JAPEX Norge AS (formerly Longboat Energy Norge AS) has a functional currency of 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, taking into account cash flow forecasts up to the end of 2025, sensitivities to those forecasts and stress tests to assess whether the Group is a going concern. The base case scenario includes the repayment of the Longboat JAPEX facility draw downs at the end of 2024 and makes assumptions around the final development costs and start up dates for the recently acquired Statfjord Satellites development wells, including initial start up of the development wells in April 2024 and the levels of business development activities and their chances of success.

Having undertaken careful enquiry, the Directors are of the view that the Company and Group will need to access additional funds during 2024 in order to fund on-going operations and pursue growth opportunities. This is in line with the Company’s current activities of exploring, maturing its discoveries and seeking acquisitions.

The Group is forecast to have limited liquidity during H2 2024 under the base case and will require additional funding. It is anticipated that funding will be sourced through asset disposals, farm downs, the issue of new equity, dilution in the Company’s joint venture or a combination of all these actions.

To the extent that growth opportunities will support debt, this will be considered where appropriate for example to support production acquisitions. The financial statements for the period to 31 December 2023 have been prepared assuming the Group will continue as a going concern. In support of this, the Directors believe the liquid nature of asset market combined with historical shareholder support, adequate funds can be accessed when required. However, the ability to access such funding detailed above 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 Licence 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 in subsidiaries and joint ventures

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. The subsidiaries of the Company are held at cost.

A joint venture is a joint arrangement whereby the parties that have joint control of the joint venture have rights to the net assets of the joint venture. The Group accounts for a joint venture using the equity method, where the investment in the joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss of the investee after the date of acquisition. Transactions between the Group and the joint venture that relate to shared services are recognised in other income or expense as incurred, and are disclosed in the related party transactions.

1.11 Impairment of non-current assets

At each reporting end date, the company reviews the carrying amounts of its non-current 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 then an 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, joint venture 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.

In 2022 the Group benefited from tax legislation in Norway which allows tax to be reclaimed on specific exploration activity. This allowed the Group to recognise a tax receivable. For 2023 the Norwegian entity has been deconsolidated and therefore this receivable is no longer recognised in the Group.

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.

1.22 Discontinued operations

In accordance with IFRS 5 “Non-current assets held for sale and discontinued operations” the net results relating to the disposal group are presented within discontinued operations in the income statement, for which the comparatives have been restated. Please refer to note 10 for further details.

1.23 Profit on disposal

In accordance with IFRS 10, in an event where the Company holding in an investment is diluted the holding will be assessed to establish if loss of control has occurred.

In the event that loss of control is confirmed, the assets and liabilities of the subsidiary will be derecognised. The fair value of the consideration received in exchange for the loss of control will be recognised, in addition to the fair value of the investment retained. Any other comprehensive income in relation to the former subsidiary will be reclassified to the profit and loss. Any difference in the entries above will be recognised as a gain or loss in the current year income statement.

1.24 Acquisitions

Acquisitions are assessed to determine whether they meet the criteria of a business combination or an asset purchase.

The Company determines that it has acquired a business when the acquired set of activities and assets include an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. Business combinations are accounted for using the acquisition method under IFRS 3. The cost of an acquisition is measured at fair value, which shall be calculated as the sum of the acquisition -date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer. For each business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

Certain acquisitions can be treated as an asset acquisition under IFRS 3, even when the definition of a business is met. This is referred to as the ‘concentration test’ and allows for an acquisition to be treated as an asset acquisition.

In circumstances where this test is passed, and the Company consider this accounting approach to be most appropriate, the Company will treat the acquisition as an asset acquisition rather than a business combination. In this case, all assets and liabilities purchased are allocated a fair value and the core asset purchased is designated the remaining allocation of the fair value of the consideration. No good will or bargain purchase is recognised.

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 17	Insurance contracts	1 January 2023
IAS 1 and IFRS Practice Statement 2 (Amendments)	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

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 16 (Amendment)	Liability in a Sale and Leaseback	1 January 2024
IAS 1 (Amendment)	Classification of liabilities as current or non-current – deferral of effective date	1 January 2024
IAS 1 (Amendment)	Non-current Liabilities with covenants	1 January 2024
IAS 7 (Amendment)	Supplier Finance Arrangements	1 January 2024
IAS 21 (Amendment)	Lack of Exchangeability	1 January 2025

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.

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 (notes 10, 13, 15)

Prior to the derecognition of the assets of Longboat JAPEX Norge, judgement was required to determine whether impairment indicators exist in respect of the Group's exploration assets, formerly recognised in the statement of financial position. The Group has to take into consideration whether the assets have suffered any impairment, taking into consideration licence status, planned expenditures, the results of the drilling to date, and the likelihood of reserves being found. The Group evaluates information from third parties in making these assessments, where available and the judgments can be subject to change, if future information becomes available. As at 14 July 2023 the Group determined that impairment of £10.4 million (2022: £42.9 million) relating to Egyptian Vulture, was required in respect of the exploration licences detailed in note 10 and 13.

Following the set-up of the joint venture, this assessment occurs at company level in Longboat JAPEX Norge, and any impairment expense recognised is evaluated by the Group and recognised via the equity accounted profit/loss for the period. For 2023 the Group took a 50.1% share of the write off of Velocette (100% write off of £17.2 million), see note 15 for more details.

Share-based payments (note 26)
Estimation is required in determining inputs to the share-based payment calculations.

The fair value of the options were determined by an external valuation provider using an industry accepted pricing model.

Impairment of investments in subsidiaries and joint ventures (note 15)
Investments in subsidiaries and joint ventures 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 underlying entity. See note 15 for further details on the investments.

Expected credit loss (note 17)
Analysis, which considers both historical and forward looking qualitative and quantitative information is performed by Management to determine whether the credit risk has significantly increased since the time the receivable was initially recognised. . Management considers the expected credit losses (ECL) for the current receivables balances at Group level to be minimal, in view that these companies have no history of default and payment is made in a short period. ECL for intercompany receivables at Company level has been assessed and an entry has been booked, donating a write down of 50% of the underlying balance with the subsidiary, Longboat Energy 2A limited, to reflect the uncertainty around cash flows.

Fair value of equity accounting for joint venture (note 10)
On initial loss of control of Longboat Energy Norge AS an estimate was made over the possible future cash flows from the contingent receivables noted in the investment agreement. As some of the consideration was based on the completion of an acquisition deal and a successful exploration drilling project a weighted risk model was used to calculate the fair values of the future receivables. These estimates were then discounted using an estimated discount rate to establish the current value of the contingent receivable for recognition.

Acquisition of Topaz Number One Limited and fair value of contingent consideration payable (note 12)
The acquisition of Topaz Number One Limited required judgment to determine whether the transaction represented an asset acquisition or a business combination. In forming the conclusion that the acquisition represented an asset purchase management considered factors including the nature and stage of exploration of the underlying licences and the extent of inputs and processes necessary to generate outputs existed and concluded that the transaction represented an asset purchase. Estimate and judgment was applied in fair valuing the contingent portion of the consideration. Management applied judgement in determining the likelihood of all possible scenarios and this was modelled into a weighted fair value calculation, which was discounted, using an estimated discount rate, to establish the current value of the contingent payable to recognise.

4 Employees

GROUP

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

Group	2023 Number	2022 Number
Executive Directors	3	3
Non-executive Directors	4	4
Staff	14	10
Total	**21**	**17**

Company	2023 Number	2022 Number
Executive Directors	3	3
Non-executive Directors	4	4
Staff	1	10
Total	**8**	**17**

Their aggregate remuneration comprised:

	2023 £	2022 £
Wages and salaries	1,465,734	1,148,099
Social security costs	161,374	160,616
Pension costs	58,250	55,000
Share based payment charge	199,017	157,757
Remuneration – continuing operations	1,884,375	1,521,472
Remuneration – discontinued operations	1,056,238	2,200,289

Discontinued operations relate to Longboat Energy Norge AS up to 14 July 2023, whereafter the Group's share (50.1%) of the results of renamed Longboat JAPEX Norge AS are recognised as a part of the loss on equity accounted joint venture investment, see note 15 for more details.

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 £	Pension £	Total £
Helge Hammer	320,421	1,362	–	24,706	346,489

5 Investment income

GROUP	2023 £	2022 £
Interest income		
Bank deposits	155,397	42,374

6 Operating loss from continuing operations

GROUP	2023 £	2022 £
Operating loss for the year is stated after charging/(crediting):		
Exchange (gain)/loss	365,013	(26,063)
Fees payable to the company's auditors for the audit of the parent		
company and consolidated financial statements	95,200	65,000
Fees payable to the company's auditors for the audit of the subsidiary financial statements	22,000	18,304
Fees payable to the company's auditors for non audit services	42,000	23,000
Depreciation of property, plant and equipment	10,479	10,300
Share-based payments	199,017	157,756
Executive director's remuneration	790,191	616,000
Non-executive director remuneration	334,102	296,750
Wages and salaries	378,470	320,904
Pensions and payroll taxes	265,550	215,616
New Ventures and Business Development	350,975	42,500
Professional fees	446,207	363,356
Fixed rate manpower charges from Longboat JAPEX	302,974	–
Contractor day rates	233,885	91,917
Legal fees	232,920	14,387
Accountancy fees	157,835	119,386

Other income relates to £543,930 of fixed fee related to manpower, charged from the Company to Longboat JAPEX from 15 July 2023. The remaining £97,344 relates to management service recharges from the Company to Longboat JAPEX.

7 Auditor's remuneration

GROUP	2023 £	2022 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the parent company and consolidated financial statements	95,200	65,000
Audit of subsidiary financial statements	22,000	18,304

During the year the auditor provided non-audit services in relation to an interim review of £42,000 (2022: £23,000).

8 Finance costs

GROUP	2023 £	2022 £
Interest on HMRC payments	51	112
	51	**112**

9 Income tax (credit)/expense

GROUP	2023 £	2022 £
Current tax (credit)		
UK corporation tax on profits for the current period	–	–
Deferred tax		
UK deferred taxation	–	–
Total tax (credit)	**–**	**–**

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

	2023 £	2022 £
Loss before taxation	**(9,303,593)**	**(15,472,607)**
Expect tax credit based on a corporation tax rate of 23.52%		
(2022: 19.00%)	(2,188,255)	(2,939,795)
Effect of expenses not deductible in determining taxable profit	1,453,408	2,577,652
Remeasurement of deferred tax for changes in tax rate	(45,351)	
Movement in Deferred tax not recognised	780,198	362,428
Fixed asset differences	–	(285)
Taxation credit for the year	**–**	**–**

Unused tax losses in the UK on which no deferred tax asset has been recognised as at 31 December 2023 was £7,914,426 (2022: £4,783,533) and the potential tax benefit was £1,976,015 (2022: £1,195,884, updated by £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.

10 Gain / (loss) for period from discontinued operations

On 14 July 2023 Longboat Energy Norge ("Longboat Norge") issued new shares, representing 49.9% of its total enlarged issued share capital, to Japan Petroleum Exploration Co ("JAPEX"). This share issue resulted in Longboat Energy plc losing its controlling interest in Longboat Norge and created a new joint venture investment with JAPEX, where the Company and Japex hold equal voting rights over Norge, which was renamed Longboat JAPEX Norge AS ("Longboat JAPEX"). Under the terms of the shareholder agreement the joint venture partners have equal board representation and joint approvals are required for reserved matters which represent the relevant strategic decision making of the company.

As this transaction resulted in joint control, the assets and liabilities of Longboat JAPEX ceased to be consolidated by the Group following loss of control. The results of the entity are shown as discontinued operations up to 14 July 2023, whereafter the Group's share (50.1%) of the results of Longboat JAPEX are recognised as a share of loss on the equity accounted joint venture investment, see note 15 for more details.

	31 Dec 2023 £	31 Dec 2022 £
Expenses excluding exploration write offs*	(4,332,660)	(3,918,853)
Exploration write off	(10,427,155)	(42,877,022)
Loss before tax	**(14,759,815)**	**(46,795,875)**
Current tax on discontinued operations	2,579,938	41,029,956
Deferred tax on discontinued operations	6,831,888	(7,114,215)
Loss after tax on discontinued operations	**(5,347,989)**	**(12,880,134)**
Gain on disposal**	10,464,548	–
Gain / (loss) after tax including gain on disposal	**5,116,559**	**(12,880,134)**
Gain / (loss) per share impact from discontinued operations (note 11): operations		
Basic	9.03	(22.73)
Diluted	8.51	(22.73)

*Balance includes £285,230 of historic currency translation adjustments, previously held in the currency translation reserves, that were taken to the profit and loss account as unrealized foreign exchange loss on the disposal of Longboat JAPEX.

****Gain on disposal**

Fair value of Joint Venture of Longboat JAPEX Norge AS**	17,555,140
Net assets at date of loss of control	(7,090,592)
Gain on loss of control	10,464,548

** At the date of disposal the fair value of the joint venture was calculated based on the fair value of the consideration received. There are three tranches to the investment consideration.

Base consideration: Due on completion and was set at USD 16 million equivalent to 3,386,430 new shares at 1 NOK each in Longboat Norge at the date of completion.

Statfjord Tranche: This tranche is USD 4 million and conditional on acquiring an interest in the Statfjord Ost Field and Sygna fields. Upon completion of this acquisition JAPEX will subscribe a further USD 4 million in Longboat JAPEX. On 30 June Longboat Norge entered into an SPA to acquire a 4.8% interest in the Statfjord

Øst Unit and a 4.3% unitised interest in the Sygna Unit from INPEX Idemitsu Norge AS which was subject to completion conditions. The probability of not achieving completion before the long stop date of 31 January 2024, was estimated at 15%, giving a risked contingent payment of 85% x USD4 million = USD3.4 million. A change of 5 percentage points in probability of the completion of the Statfjord Satellites acquisition would result in a 6 percentage point movement in the Statfjord Sattalites tranche, equivalent to USD 0.2 million.

As at 31 December 2023 the fair value was not deemed to have materially changed as the conditions remained outstanding. The transaction completed subsequent to the period end upon satisfaction of the conditions.

Velocette tranche: If this well had been a discovery, based on its size and approval of the field development plan (PDO), JAPEX would have subscribed a further USD 30 million.

The probabilities of the differing discovery sizes were calculated and weighted and the total weighted risked consideration for this tranche was estimated at USD 3.45 million discounted at 10%. A change of 5 percentage points in probability of discovery on Velocette would lead to a 14 percentage point change in the fair value of the Velocette tranche, equivalent to USD 0.43 million (£0.33 million). A change of discount rate by 1 percentage point would lead to a 3 percentage point change in the Velocette trance fair value, equivalent to USD 0.08 million (£0.06 million).

Total fair value of consideration:

	USD million (dominated in agreement)	GBP million (equivalent for reporting)
Tranche 1:	16.0	12.24
Tranche 2:	3.4	2.61
Tranche 3:	3.45	2.64
Total:	**22.85**	**17.49**

As this represents the 49.9% of the investment that was sold, this is grossed up to represent the 50.1% retained interest, giving £17.55 million as the fair value of the retained investment value.

During the year and subsequent to the transaction, the Velocette well was confirmed as non-commercial and as a result the investment in equity accounted joint venture was impaired by an amount equivalent to the contingent consideration associated with this tranche (£2.64 million), reducing the carrying value of the investment. See note 15 for more information.

At the date of completion, the assets and liabilities of Longboat JAPEX were deconsolidated reflecting the loss of control of the subsidiary. Details of the balances at the date of completion are shown below:

Assets and liabilities deconsolidated	14 July 2023 £
Intangible assets	23,166,865
Property, plant and equipment	42,013
Tax recoverable	39,429,854
Cash	1,693,429
Other current assets	1,349,818
Total assets	**65,681,978**
Exploration finance facility	35,710,740
Other current liabilities	2,621,719
Deferred tax	16,548,598
Other long term liabilities	3,710,329
Total liabilities	**58,591,386**
Net Assets	**7,090,592**

During the year, on completion of committed exploration activity, the Directors of Longboat JAPEX have evaluated the potential future cashflows from each licence. If drilling was completed, no commercial reserves discovered and no further prospectivity identified, then the licence was deemed to be fully impaired. For licences 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 licence should be written off. On conclusion of this assessment the Directors of Longboat JAPEX have concluded in the period prior to the disposal of the subsidiary that it is appropriate to write off the value of the wells and associated licence costs for PL939 Egyptian Vulture £10.4 million. Smaller write offs in relation to additional exploration expenses on the already impaired PL901 Rodhette; PL1060 Ginny/Hermine; PL1049 Cambozola, and PL1017 Copernicus have also been incurred in the year.

11 Earnings per share

GROUP	2023 £	2022 £
Number of shares		
Weighted average number of ordinary shares for basic earnings per Share	56,670,294	56,666,665
Weighted average number of potentially dilutive shares from share options in issue in the year	3,428,569	–
Earnings		
Earnings for basic and diluted earnings per share being net loss attributable to equity shareholders of the Company for:		
Continuing operations	(9,303,593)	(2,592,473)
Discontinued operations	5,116,559	(12,880,134)
Earnings per share (expressed in pence)		
Basic and diluted from continuing operations	(16.42)	(4.57)
Basic from discontinued operations	9.03	(22.73)
Dilutive from discontinued operations	8.51	(22.73)

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, being 3,428,569 for 2023 (2022: 2,205,185). Share options and awards are not included in the dilutive calculation for loss making periods because they are anti-dilutive.

12 Asset Acquisition

On 13 September 2023, Longboat Energy announced it had entered into a sale and purchase agreement to acquire all of the issued share capital of Topaz Number One Limited whose sole asset is a 15.75% interest in Block 2A. On 21 December 2023 this transaction completed and as a result, this newly acquired interest in Block 2A, combined with the existing holding via Longboat Energy 2A Limited, gives Longboat a combined 52.5% interest in the Block 2A PSC with partners Petronas Carigali Sdn.Bhd (40%) and Petroleum Sarawak Exploration & Production Sdn. Bhd. (7.5%).

The fair value of the consideration paid and payable for the 100% share in Topaz number One limited was $403,000 (£318,794).

The fair value of the assets and liabilities acquired as at 21 December are shown below:

Assets:	2023 £
Exploration assets	377,366
Accounts receivable	81
Under/overcall	83,917
Liabilities:	
Accounts payable	(111,295)
Accruals	(31,275)
Net assets at fair value	318,794
Consideration:	
Equity issued on completion ($100,000)	79,106
Contingent fair value consideration ($303,000)	239,688
Total consideration	**318,794**

As part of the purchase agreement with the vendor of Topaz Number One Limited, the consideration was made up of three tranches.

- Tranche 1 was equivalent to $0.1 million, settled in Longboat Energy plc shares on completion of the transaction on 21 December 2023.
- Tranche 2 is contingent and will be payable on the earlier of a positive well drilling decision for Block 2A or the event of farm out (farm out must be agreed within 5 years). This payment will be $0.125 million, payable in shares of Longboat Energy plc.
- Tranche 3 (part 1) is contingent on an exploration well announcement in excess of 600bcf (well must commence drilling within 5 years). The payment will be equivalent of $1 million and will be settled in cash or allotment of shares in Longboat Energy plc, at the discretion of the Company.
- Tranche 3 (part 2) is contingent on the growth in Longboat share price. The payment will be equivalent of up to $2 million, based on the table shown below, and will be settled in cash or allotment of shares in Longboat Energy plc, at the discretion of the Company.

Growth in Longboat Shares Average Price	Consideration	
	%	USD
0-9.9%	0%	–
10-24.9%	33%	666,667
25-49.9%	67%	1,133,333
>=50%	100%	2,000,000

If a liquidity event occurs, involving the sale of Topaz Number One's share in Block 2A then Tranche 3 will be calculated instead upon the proceeds of the liquidity event, but capped at the total of $3 million, as above.

To calculate the fair value of the consideration at time of acquisition, a base case, low case and liquidity case scenario were risked, weighting and discounted, taking into account the expected chance of farm down, expected chance of >600bcf discovery and the expected impact on the share price. Also included was the liquidity scenario where the chance of a sale of the interest in the block was estimated.

At the acquisition date the fair value of the contingent consideration was calculated to be $0.3 million (£0.2 million).

A change of probability of geological discovery by 5 percentage points would lead to a 20% change in the fair value consideration of Topaz, equivalent to USD 0.06 million (£0.05 million).

13 Exploration and evaluation assets

GROUP	2023 £	2022 £
Cost		
At 1 January	34,661,436	23,988,754
Additions	2,013,790	53,588,635
Exploration asset acquisition	377,366	–
Foreign currency adjustments	(2,955,897)	(38,932)
Exploration write-off	(10,427,155)	(42,877,021)
Disposal	(23,097,028)	-
At 31 December	572,512	34,661,436
Carrying amount		
At 31 December	572,512	34,661,436

On 11 Jan 2023 the Group announced an award of a 30% interest in Licence 1182S via the Norwegian 2022 APA licensing Round in the joint venture company Longboat JAPEX.

On 1 February 2024 the Group announced the completion of a farm down of two exploration licences on the Norwegian Continental Shelf, in the joint venture company Longboat JAPEX.

On 15 February 2023 the Group announced it had been awarded a Production Sharing Contract for Black 2A under the Malaysian Bid Round.

See note 29 for more details.

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

14 Property, plant and equipment

GROUP	Right of use assets £	Fixtures and fittings £	Computers £	Total £
Cost				
At 1 January 2022	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
Additions	30,359	-	6,576	36,935
Disposal	(558,480)	(40,294)	(20,693)	(619,467)
Foreign currency adjustments	(55,439)	(4,230)	(2,172)	(61,841)
At 31 December 2023	–	1,407	38,132	39,539
Accumulated depreciations and impairment				
At 1 January 2022	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
Charge for the year	35,671	2,561	7,918	46,150
Disposal	(183,692)	(10,782)	(11,161)	(205,637)
Foreign currency adjustments	11,858	1,564	4,834	18,256
At 31 December 2023	–	938	28,240	29,178
Carrying amounts				
At 31 December 2023	–	469	9,892	10,361
At 31 December 2022	447,396	38,335	27,772	513,503

COMPANY	Fixtures and fittings £	Computers £	Total £
Cost			
At 1 January 2022	–	27,966	27,966
Additions	1,407	3,591	4,998
Disposals	–	–	–
At 31 December 2022	1,407	31,557	32,964
Additions	–	6,575	6,575
At 31 December 2023	1,407	38,132	39,539
Accumulated depreciations and Impairment			
At 1 January 2022	–	8,398	8,398
Charge for the year	469	9,831	10,300
At 31 December 2022	469	18,229	18,698
Charge for the year	469	10,010	10,479
At 31 December 2023	938	28,240	29,178
Carrying amounts			
At 31 December 2023	469	9,892	10,361
At 31 December 2022	938	13,328	14,266

15 Investments

On 14 July 2023 Longboat Norge issued new shares, representing 49.9% of its total enlarged issued share capital, to JAPEX. This share issue resulted in Longboat Energy losing its controlling interest in its subsidiary and created a new joint venture investment with JAPEX, where the Company and JAPEX hold equal voting rights over the renamed Longboat JAPEX.

This legal entity is held in the Group accounts as an Investment in joint venture and is accounted for using the Equity method of accounting. See Note 10 for details of fair value calculations.

Group	2023 £	2022 £
Investments in joint venture	12,461,890	–
Cost or valuation		
At 31 December 2022	–	–
Fair value of Joint Venture of Longboat JAPEX	17,555,139	–
Loss from investment in Longboat JAPEX	(2,803,202)	–
Impairment (Velocette contingent consideration)	(2,639,976)	–
Foreign exchange	349,929	
At 31 December 2023	**12,461,890**	**–**

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Company Name	Address	Incorporated	Class of shares	Holding	Voting rights
Longboat JAPEX Norge AS	Strandkaien 36, 4005 Stavanger, Norway.	5 Dec 2019.	Ordinary	50.1%	50%

Longboat JAPEX Norge Balance sheet 31 December 2023

	£
Exploration and Evaluation assets	24,237,501
Other non-current assets	360,685
Tax receivable	17,391,893
Cash	8,098,337
Other current assets	2,922,725
Exploration Financing Facility (EFF)	(16,024,050)
Other current liabilities	(4,516,903)
Deferred tax	(17,277,769)
Other non-current liabilities	(582,836)
Net Assets	14,609,583
Longboat share: 50.1%	7,319,401

Longboat JAPEX Income statement (15 July – 31 December 2023)

	£
Exploration write off	(17,247,984)
Exploration Financing Facility fees	(1,515,610)
Other operating costs	(770,087)
Tax	13,938,468
	(5,595,213)
Longboat Energy share: 50.1%	(2,803,202)

In the period from 15 July 2023 to 31 December 2023 following the formation of the Joint venture with JAPEX, the majority of the loss relates to the write off of the Velocette licence costs (£17.2 million), EFF fees (£1.5 million) and general overheads (£0.8 million) offset partially by a tax credit (£13.9 million).

In January 2024 the existing Acquisition Bridge Facility of July 2023, whereby JAPEX Petroleum Exploration Co Ltd provided Longboat JAPEX with access to USD 100,000.000, was re-executed ahead of a drawdown to finance in part the acquisition of the Statfjord Satellite interests. The intended partial drawdown under this facility was also announced in July 2023. The Acquisition Bridge Facility is guaranteed by Longboat Energy plc.

Longboat Energy plc also acts as a guarantor for Longboat JAPEX in its obligations to the Norwegian State in connection with its offshore activities whereby it undertakes to pay any costs incurred by the public authorities which ought to have been performed by Longboat JAPEX. The company accounts for guarantee contracts in accordance with IFRS 9. Having assessed the expected credit losses no value is currently considered attributable to the guarantee contract.

COMPANY	2023 £	2022 £
Investments in subsidiaries	418,794	–
Investment in joint venture	13,465,865	13,465,865
	13,884,659	13,465,865

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

Company Name	Address	Incorporated	Class of shares	Holding %
Longboat JAPEX Norge AS	Strandkaien 36, 4005 Stavanger, Norway.	5 Dec 2019.	Ordinary	50.1
Longboat Energy 2A Limited	Hudson House, 8 Tavistock Street, London	16 Jan 2023	Ordinary	100
Topaz Number One Limited	Hudson House, 8 Tavistock Street, London	6 Jul 2022	Ordinary	100
Longboat Energy (SE Asia) Sdn.Bhd	Level 30-32, Menara Prestige, No 1, Jalan Pinang, Kuala Lumpur, 5040	19 Oct 2023	Ordinary	100

During the year, the Company assessed the carrying value of the investments for indicators of impairment. No impairments were recognised in the period.

Movements in non-current investments

	Subsidiaries £
Cost or valuation	
At 1 January 2022	26,617,915
Impairment	(13,152,050)
At 31 December 2022	13,465,865
Loss of control of Longboat Energy Norge AS	(13,465,865)
Equity injection into Longboat Energy 2A Limited	100,000
Purchase of Topaz Number One Limited	318,794
At 31 December 2023	418,794

Cost or valuation	Joint Ventures £
At 31 December 2022	–
Initial recognition of equity accounted joint venture – cost	13,465,865
	13,465,865

16 Inventories

GROUP	2023 £	2022 £
Materials and supplies	–	123,432

Closing inventories are equal to their net realisable value.

COMPANY

The Company did not hold any inventory at the year end.

17 Trade and other receivables

GROUP	2023 £	2022 £
Non-current		
Prepayments	–	98,368
Current		
Trade receivables	79,409	14,073
Receivables from joint venture	848,602	–
VAT recoverable	189,833	182,160
Other receivables	128,818	23,144
Prepayments	96,689	715,541
	1,343,351	934,918
	1,343,351	1,033,286
COMPANY		
Non-current		
Amounts owned by subsidiary undertakings	887,373	3,795,966
Less expected credit loss	(443,687)	(815,271)
	443,686	2,980,695
Current		
Receivables from joint venture	848,602	–
VAT recoverable	186,442	109,474
Other receivables	42,740	23,144
Prepayments	96,689	107,902
	1,174,473	359,422
	1,618,159	3,340,117

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

Amounts due from group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Analysis, which considers both historical and forward looking qualitative and quantitative information is performed by Management to determine whether the credit risk has significantly increased since the time the receivable was initially recognised. The Group's current receivables balance of £1.3 million have been assessed and no ECL provision has been determined to apply. The Company has a receivables balance of £1.6 million, which includes a £0.4 million ECL provision against receivables from the Longboat Energy 2A Limited subsidiary based on probability of repayment having considered the risks associated with the underlying assets of the company.

18 Current tax recoverable

GROUP	2023 £	2022 £
Current tax receivables	–	40,755,157

COMPANY	2023 £	2022 £
Current tax receivables	–	–

19 Trade and other payables and current financial liabilities

GROUP	2023 £	2022 £
Trade payables	257,903	2,840,806
Accruals	149,808	1,373,032
Social security and other taxation	114,386	302,900
Payables to joint venture	351,913	–
Other payables	20,227	708,760
Trade and other payables	894,237	5,225,497
Exploration Financing Facility	–	36,761,340
Short term bank borrowing	–	36,761,340

COMPANY	2023 £	2022 £
Trade payables	157,464	95,554
Accruals	74,186	183,690
Social security and other taxation	114,386	95,016
Intercompany payables	–	74,485
Payables to associates	317,028	–
Other payables	20,227	9,511
	683,291	**458,256**

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

20 Lease liabilities

Longboat JAPEX has lease contracts for buildings used in its operations. The lease for its Stavanger office was signed in September 2021. The 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, noting that from 14 July 2023 the assets and liabilities of Longboat JAPEX were deconsolidated.

	2023 £	2022 £
At 1 January	447,396	560,709
Additions	30,359	–
Depreciation charge for the year	(35,671)	(117,099)
Disposal*	(400,376)	–
Foreign exchange	(41,708)	3,786
At 31 December	–	447,396

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

	2023 £	2022 £
At 1 January	489,580	582,802
Additions	31,730	–
Interest	18,444	14,510
Payments made	(92,756)	(103,812)
Disposal*	(414,908)	–
Foreign exchange	(32,090)	(3,920)
At 31 December	–	489,580

	2023 £	2022 £
Within one year	–	122,612
In two to five years	–	366,968
	–	489,580

	£	£
Maturity analysis		
Within one year	–	134,971
In two to five years	–	382,419
Total undiscounted liabilities	–	517,390
Future finance charges and other adjustments	–	(27,810)
Lease liabilities in the financial statements	–	489,580

	2023 £	2022 £
Amounts recognised in profit or loss, under discontinued operations include the following:		
Depreciation expense of right of use assets	(35,671)	(117,099)
Foreign exchange on depreciation	–	–
Interest expense for right of use liabilities	(18,444)	(14,510)

*As at the 14 July, the assets of Longboat JAPEX (formerly Longboat Norge) were deconsolidated from the Group as a result of the Company losing control of the subsidiary to create a Joint Venture with JAPEX.

21 Deferred taxation

GROUP

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

	ACAs £
Deferred tax balance at 1 January 2022	18,766,424
Deferred tax movements in prior 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 movements in current year	
Differences in tax basis for offset of tax losses in Norway	(8,385,916)
Foreign exchange	(892,384)
Disposal	(16,458,598)
Deferred tax liability at 31 December 2023	–

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

22 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 £4,741,369 (2022: £12,096,778) at the balance sheet date, of which £3,684,541 (2022: £12,059,561) 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 2023, the Group had cash on deposit of £3,684,541 (2022: £12,059,561).

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 was 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 in the joint venture of a 10% increase/decrease in the interest rates, holding all other variables constant.:

	2023 £	2022 £
Interest rate increase/decrease by 10%	76,578	80,740

The Group is exposed to interest rate risks on cash held on deposit at banks. Interest income for the year to 31 December 2023 was £155,397 (2022: £150,869). 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, Norway and Malaysia, incurs expenses in sterling, United States dollars, Malaysian Ringgit ("MYR") and Norwegian kroner ("NOK"), and holds cash in sterling, US dollars, MYR 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.

	2023 £	2022 £
Cash and cash equivalents	2,540,427	9,409,636
Trade and other receivables	353	41,309,057
Trade and other payables including borrowings	(788,127)	(41,129,225)
Lease liabilities	–	(489,580)
Net exposure	1,752,653	9,099,888

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.

	2023 £	2022 £
Exchange rate increases by 10%	194,739	1,011,099
Exchange rate decrease by 10%	(159,332)	(827,263)

23 Retirement benefit schemes

GROUP	2023 £	2022 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes		
Continuing operations	58,250	55,000
Discontinuing operations	109,985	190,613
	168,235	245,613

COMPANY	2023 £	2022 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	58,250	55,000

The Company does not operate any defined benefit schemes.

24 Share Capital

GROUP & COMPANY	2023 Number	2022 Number	2023 £	2022 £
Ordinary share capital				
Issued and fully paid				
Ordinary shares of 10p each	57,108,120	56,666,666	5,710,812	5,666,666

On 29 December 2023, on completion of the Topaz Number One acquisition, new ordinary shares in Longboat Energy equivalent to $100,000 were issued to the previous owners of the company, representing tranche 1 of the consideration, see Note 12 for more details. At the time of issue, $100,000 equated to 441,455 new shares.

25 Share premium account

	2023 £	2022 £
At 1 January	35,570,411	35,570,411
Issues of new shares	34,959	–
Costs of share issues	–	–
At 31 December	35,605,370	35,570,411

26 Share option reserve

	2023 £	2022 £
At 1 January	660,449	353,550
Arising in the year	364,037	306,899
At 31 December	1,024,486	660,449

During the year, Longboat Energy 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 in the Remuneration Report prepared by the Remuneration Committee on pages 31 to 39.

Founder Incentive Plan

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 2023 is 12 months.

Co-Investment Plan (CIP) awards

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 Aug 23	10 Feb 22 (Part A)	10 Feb 22 (Part B)	02 Jul 21
Performance period (years)	3	3	3	3
Share price at grant date	£0.30	£0.57	£0.57	£0.70
Exercise price	Nil	£0.10	£0.10	£0.10
Risk free rate	4.73%	1.35%	1.35%	15.00%
Dividend yield	0%	0%	0%	0%
Volatility of Company share price	62%	50%	50%	51.00%
Fair value per award	£0.18	£0.19	£0.24	£0.38

	2023 No.	2022 No.	Weighted average fair value (£ per share)
Outstanding at beginning of the period	794,505	639,900	£0.35
Granted during the period	314,215	154,605	£0.18
Forfeited during the period	–	–	–
Exercised during the period	–	–	–
Expired during the period	–	–	–
Outstanding at the end of the period	1,108,720	794,505	£0.30
Exercisable at the end of the period	–	–	–

The weighted average exercise price of outstanding options is £0.07.

The weighted average remaining contractual life as at 31 December 2023 is 14 months.

Long Term Incentive Plan

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	3 Aug 23	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	£0.305	£0.624	£0.430	£0.705	£0.780	£0.720	£0.720	£0.885
TSR performance	–	–	–	–	–	–	–	–
Risk free rate	4.73%	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%	0.0%
Volatility of Company share price	62%	50%	52%	n/a	50.00%	51.00%	51.00%	58.00%
Weighted average fair value	£0.18	£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.

	2023	2022
Outstanding at 1 January	1,560,600	1,316,500
Awarded during the year	2,472,000	244,100
Exercised during the year	–	–
Expired during the year	–	–
Outstanding at the 31 December	4,032,600	1,560,600
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 2023 is 22 months.

27 Currency translation reserve

GROUP	2023 £	2022 £
At the beginning of the year	561,242	580,996
Currency translation differences on joint venture	349,929	–
Currency translation difference on disposal of subsidiary	(561,242)	–
Currency translation difference on foreign subsidiaries	(39,126)	(19,754)
At the end of the year	**310,803**	**561,242**

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

28 Related party transactions

	Income (£)	Expense (£)	Closing receivable (£)	Closing payable (£)
Longboat JAPEX Norge AS	1,117,485	1,022,988	848,602	(351,913)

The related party balances arise as a result of the agreements that were entered into at the time of establishment of the Longboat JAPEX JV and relate to intercompany recharges between PLC and Longboat JAPEX

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

	2023*	2022*
Helge Hammer	1,077,023	837,023
Jonathan Cooper	341,516	333,432
Graham Stewart	350,000	350,000
Jorunn Saetre	51,667	51,667
Nick Ingrassia	218,366	179,023

**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.

29 Subsequent Events

The 17 January 2024 Longboat Energy announced the award to Longboat JAPEX of a new licences under the Norwegian 2023 APA Licensing Round (Awards in Predefined Areas): PL 1212 S Block 35/7 Magnolia (Company 20%).

On 1 February 2024 Longboat Energy announced the completion of a farm down of two exploration licences by Longboat JAPEX on the Norwegian Continental Shelf. Longboat JAPEX has farmed down its interest in PL1182S from 30% to 15% in return for a full carry of the Kjøttkake/Lotus exploration well, up to an agreed cap above the dry well budget. The well is expected to spud in Q3 2024. In PL1049 which contains the Jasmine and Sjøkreps prospects, Longboat JAPEX has farmed down its interest from 40% to 25% in return for a carry of an element of the 2024 exploration expenditure, which mainly consists of seismic costs and studies.

On 1 February 2024 Longboat Energy announced the completion of the acquisition by Longboat JAPEX of a 4.80% unitised interest in the Statfjord Øst Unit and a 4.32% unitised interest in the Sygna Unit. The acquisition of the Statfjord Satellites has been funded by a combination of the investment by JAPEX into Longboat JAPEX, cash on hand and a drawing of approximately US$15 million (£11.8 million) on the Acquisition Bridge Facility provided by JAPEX to Longboat JAPEX. The consideration is broken down into two tranches: Tranche 1 is the amount paid upon completion of USD 12.75 million (£10.02 million). Tranche 2 is deferred consideration of USD 1.75 million (£1.38 million) that is paid in four instalments as follows:

- USD 437,500 (£343,784) on the completion date
- USD 437,500 (£343,784) 6 months after completion
- USD 437,500 (£343,784) 12 months after completion
- USD 437,500 (£343,784) 18 months after completion

As the vast majority of the deferred consideration is settled within 12 months of completion it is deemed that discounting is not material to the transaction.

In addition to the above a pro & contra payment has been made by Longboat JAPEX to the vendor for cash calls etc paid by the vendor during the Interim Period. This has been calculated as USD 7.2 million, (£5.7 million) therefore, the fair value of the consideration is USD 22 million (£17.3 million).

30 Cash absorbed by continuing operations

GROUP	2023 £	2022 £
Loss for the year after tax before other comprehensive income	(9,303,593)	(2,592,473)
Add back:		
Loss from investment	2,803,202	–
Write down	2,639,976	–
Interest payable	51	112
Interest receivable	(155,397)	(42,486)
Depreciation	10,479	10,300
Equity settled share based payment expense	199,017	157,757
Movements in working capital:		
Increase in inventories	–	–
Decrease in trade and other receivables	(884,733)	(144,926)
Increase in trade and other payables	737,266	(4,776)
Cash absorbed by operations	**3,953,732**	**(2,616,492)**

31 Cash absorbed by discontinuing operations

GROUP	2023 £	2022 £
Loss for the year after tax before other comprehensive income	5,116,559	(12,880,133)
Add back:		
Taxation credited	(9,411,827)	(33,915,741)
Gain on deconsolidation	(10,464,548)	–
Write offs	10,427,155	42,877,022
Depreciation	5,007	14,259
Interest payable	1,191,918	938,121
Interest receivable	(41,589)	(108,382)
Share based payment expense	74,309	148,682
Timewriting adjustment	(425,002)	(732,123)
Historic bank fees	124,690	206,039
Lease depreciation	35,671	117,099
Least interest	(59,290)	(89,303)
EFF commitment fee	175,521	344,583
Movements in working capital:		
Increase in inventories	–	–
Decrease in trade and other receivables	126,667	(452,498)
Increase in trade and other payables	461,417	2,330,300
Cash absorbed by operations	**2,663,342**	**4,957,680**

32 Cash flows related to borrowing and debt

	Current bank borrowings £	Finance lease liabilities £	Total £
At January 2023	36,761,340	489,580	37,250,920
Cash flows from discontinued operations			
Cash payments on lease	–	(66,980)	(66,980)
Loan drawdowns	3,394,643	–	3,394,643
Interest and fees paid	(1,367,491)	–	(1,367,491)
Debt removed from Group on disposal of subsidiary	(35,166,144)	(414,908)	(35,581,052)
Non-cash adjustments from discontinued operations			
Effect of foreign exchange	(4,989,839)	(7,692)	(4,997,531)
Interest and fees accrued	1,367,491	–	1,367,491
At 31 December 2023	**–**	**–**	**–**

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

Appendix

Longboat Engergy plc 2023 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, its jointly controlled subsidiary Longboat JAPEX Norge AS and Longboat Energy (2A) Limited, referred to as "the Group", with the Sustainability Accounting Standards Board (SASB) Oil & Gas Exploration and Production Standard (Version 2023-06). The information herein is associated with the 2023 calendar year. The GHG emissions calculated in the SASB report are from the one exploration well that Longboat JAPEX Norge AS participated in. There were no physical operations with scope 1 emissions in Malaysia, hence no associated GHG emissions.

Longboat JAPEX Norge AS, is referred to as 'Longboat JAPEX'.

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 797.3 tonnes GHG (CO_2, CO, N_2O, nmVOC, NOx and SOx) 0 Methane emission 793.8 tonnes of the GHG are CO_2 Emissions are Longboat JAPEX' equity share from drilling operation on the Velocette well. 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	LJN has only participated in the drilling of one exploration wells with semi-submersible and jack up rig in 2023. LJN had no production in 2023, hence all items are non-applicable (N/A).

SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS		
Code	**Accounting Metric**	**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 JAPEX has been established with the aim of being a leading Norwegian independent which is specialized in upstream oil and gas activities in Norway on a long-term basis by retaining excellent HSEQ and ESG performance. This is well aligned to Longboat Energy plc and JAPEX's ESG targets of 'Net Zero' on a scope 1 and 2 basis by 2050. LJN will pursue a predominantly development-led strategy with vision to create a growth profile focused on long-term value creation for shareholders. Longboat JAPEX will initially seek to make one-or-more acquisitions to create a portfolio of development projects to delivering production in excess of 15,000-20,000 boepd and 2P reserves of 50-70 mmboe within 3-5 years. The main source of greenhouse gas emissions from 2023 relates to the drilling of one exploration well on the NCS. LJN'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 JAPEX will assess options such as renewable power from shore, offshore wind power and ammonia production with CO_2 capture and storage to reduce GHG emissions. Upon being profitable LJN will also look at nature-based solutions to offset its GHG emissions. 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. The Group 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, the Group 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

SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS		
Code	**Accounting Metric**	**Location/Information**
AIR QUALITY		
EM-EP-120a.1	Air emissions of the following pollutants: (1) NOx (excluding N2O), (2) SOx, (3) volatile organic compounds (VOCs), (4) particulate matter (PM10)	Longboat JAPEX's drilling operations of one exploration well: 1. NOx: 2.0 tonnes 2. SOx: 0.24 tonnes 3. VOCs: 1.24 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) There has not been any measure of fresh water during the Velocette Operation. (2) N/A as the Group's principal activities were 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 the Group did not have any ownership in any producing fields in 2023
EM-EP-140a.3	Percentage of hydraulically fractured wells for which there is public disclosure of all fracturing fluid chemicals used	N/A as the Group did not have any ownership in any producing fields in 2023, 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 the Group did not have any ownership in any producing fields in 2023, nor undertakes any hydraulic fracturing.

SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS		
Code	**Accounting Metric**	**Location/Information**
BIODIVERSITY IMPACTS		
EM-EP-160a.1	Description of environmental management policies and practices for active sites	As stated in the Group's HSEQ Policy, the Group is committed to respecting and preserving the natural environment. The policy is to minimise the undesirable effects on the environment resulting from the Group's operations and to work to prevent pollution and reduce emissions. The Group will assess and manage its performance to continually improve its environmental performance. Permits and consents from the relevant authorities are required for the operator to execute the Drilling Operations, and strict reporting requirements are in place.
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	All chemical use and discharge were within the limits described in the approved Discharge Permit
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 N/A as the Group had no reserves in 2023.
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 as the Group had no reserves in 2023.
EM-EP-210a.2	Percentage of (1) proved and (2) probable reserves in or near indigenous land	N/A as the Group had no reserves in 2023.
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	The Group 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 the Group. The Company's principal activities are offshore Norway where Human Rights are well protected and accord with the Group's Human Rights Policy.

<table>
<tr><th colspan="3">SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS</th></tr>
<tr><th>Code</th><th>Accounting Metric</th><th>Location/Information</th></tr>
<tr><td colspan="3">COMMUNITY RELATIONS</td></tr>
<tr><td>EM-EP-210b.1</td><td>Discussion of process to manage risks and opportunities associated with community rights and interests</td><td>The Group’s principal activities were focussed 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</td></tr>
<tr><td>EM-EP-210b.2</td><td>Number and duration of non-technical delays</td><td>No delays attributable to community relations.</td></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 operation of one exploration well in 2023 there was one reported incident to the Petroleum Safety Authorities Norway (PSA): 07.09.23 Well control incident. Assumed reason for the event was gain due to swabbing the well. Classified as a green incident:
<table>
<tr><td rowspan="3">Level 3 – Green Regular well control incidents</td><td>1. Low HC or water influx volume/rate</td><td>1. Influx volume below design criteria for kick margin, and successfully regained barrier with standard kill procedure without degrading well integrity.</td></tr>
<tr><td>2. Low-rate shallow gas flow</td><td>2. Shallow gas incident with kill operations. No gas handled on installation (riser-less operation)</td></tr>
<tr><td>3. Low-rate shallow water flow</td><td>3. Shallow water flow incident.</td></tr>
<tr><td>Level 4 - Non-Classified (NC)</td><td>1. Non-continuous gas/water migration in well - with all barriers in place</td><td>1. Release of a barrier element with contained volume of gas/water trapped below or behind casing.</td></tr>
<tr><td></td><td>2. Loss of primary or secondary barrier without influx into the well.</td><td>2. Incidents where a barrier is compromised but no influx has occurred.</td></tr>
</table>
Tan = Alert to PSA according to management regulation
Blue = Notification to PSA according to management regulation
Grey = Alert or Notification to PSA, depending on potential, in accordance with Management Regulations § 29

(4) LJN 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. At present there are no operational activities in Malaysia where The Company is operator of PSC Block 2.</td></tr>
</table>

SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS		
Code	**Accounting Metric**	**Location/Information**
WORKFORCE HEALTH & SAFETY (CONTINUED)		
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. The Group is committed to ensuring the health and safety of all who work with it and protecting the environment in which it works. The Group 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. The Group also insists that all contractors maintain the same high standards. All members of staff are familiar with the Group's processes and procedures with its MS and its emphasis on risk management to minimise the impact of its activities. LJN does not operate any exploration and production assets, under the MS and through its 'see to duty' LJN 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. LJN was approved by the Ministry of Petroleum and Energy as a licence holder in August 2021 having been reviewed by the NPD and PSA. For Malaysia, there is a separate BMS which aligns with the rules and regulations set by the government in Malaysia and by PETRONAS.
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	At the year end the Group did not have any reserves.
EM-EP-420a.2	Estimated carbon dioxide emissions embedded in proved hydrocarbon reserves	N/A at the year end the Group has no proved hydrocarbon reserves. The discoveries are classified as resources at the present time with no firm plan for development.

SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS		
Code	**Accounting Metric**	**Location/Information**
EM-EP-420a.3	Amount invested in renewable energy, revenue generated by renewable energy sales	N/A as the Group did not invest in any renewable energy in 2023.
RESERVES VALUATION & CAPITAL EXPENDITURES (CONTINUED)		
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	The Group has been 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 , 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 At the year end the Group did not have any proved or probable reserves.
EM-EP-510a.2	Description of the management system for prevention of corruption and bribery throughout the value chain	The Group 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 the Group's business and ensure compliance with applicable anti-bribery and anti-corruption laws in those countries where The Company conducts business. Whilst the Anti-bribery and Corruption Policy is embedded within the MS, as The Company's principal activities are focussed in Norway with highly reputable joint venture partners the probability of any breach is very low.

SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS		
Code	**Accounting Metric**	**Location/Information**
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	The Company supports the energy transition and is committed to achieving 'net zero' emissions by 2050 or earlier. As The Company becomes involved in developments it will look at solutions to reduce GHG emissions associated with production and offsetting scope 1 & 2 emissions. The Company 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
CRITICAL INCIDENT RISK MANAGEMENT		
EM-EP-540a.1	Process Safety Event (PSE) rates for Loss of Primary Containment (LOPC) of greater consequence (Tier 1)	The Company did not have any ownership in producing assets in 2023.
EM-EP-540a.2	Description of management systems used to identify and mitigate catastrophic and tail-end risks	The licence operators and LJN as a non-operator have Management Systems in place where risk management is integrated into the work processes and procedures. The operators on LJN'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. LJN 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. LJN 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