



**Ithaca (NE) E&P Limited (formerly known as Eni Energy E&P UK Limited)
Annual Report and Financial Statements for the year ended 31 December 2024**

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General Information

Directors

I Lewis (appointed 3 October 2024)
J McAteer (appointed 3 October 2024)
Y Friedman (appointed 3 October 2024)
L Vasques (appointed 31 January 2024)

Company Secretary

Pinsent Masons Secretarial Limited
1 Park Row
Leeds
LS1 5AB

Independent Auditor

Deloitte LLP
8th Floor
The Silver Fin Building
455 Union Street
Aberdeen
AB11 6DB

Bankers

Deutsche Bank AG
21 Moorfields
London
EC2Y 9DB

Solicitors

Pinsent Masons LLP
1 Park Row
Leeds
LS1 5AB

Registered Office

1 Park Row
Leeds
LS1 5AB

Strategic Report for the year ended 31 December 2024

Principal activities and review of the business

The principal activity of Ithaca (NE) E&P Limited ("the Company") during the year was oil and gas appraisal, development and production from North Sea oil and gas properties. The objective of the Company, in the near term, is to maximise production from existing fields and achieve early production from the development of existing discoveries on licenses held by the Company, to originate and participate in exploration on licenses held by the Company that have the potential of making significant contributions to future production, and to consider other opportunities for growth as they are identified.

On 31 January 2024, the wider Neptune Energy business was sold to Eni S.p.A. Following completion of the sale, the Company changed its name from Neptune E&P UK Limited to Eni Energy E&P UK Limited on 10 June 2024.

On 3 October 2024, following the successful completion of the business combination between Ithaca Energy PLC and Eni UK, Eni Energy E&P UK Limited became part of the Ithaca Energy group of companies (the "Group"). Further information can be found in Ithaca Energy PLC's consolidated annual report and accounts for the year ended 31 December 2024. On 18 December 2024, the Company changed its name from Eni Energy E&P UKCS Limited to Ithaca (NE) E&P Limited.

The success of the Company depends on the ability to deliver lower risk growth through the appraisal and development of UK undeveloped discoveries and the exploitation of its existing UK producing asset portfolio. The Company's Directors are of the opinion that analysis using KPIs is appropriate for an understanding of the development and performance of the business.

The Directors believe that the Company is well placed to take advantage of future opportunities.

Group review of the business

2024 has been a truly transformational year for Ithaca Energy, with the successful completion of its Business Combination with Eni UK creating a dynamic growth player. The Business Combination with substantially all of Eni S.p.A's upstream oil and gas assets has enhanced Ithaca Energy's position as a leading UKCS operator and highlights the Group's continued ambition for value-led organic and inorganic growth.

The average Brent market price decreased to around \$80/bbl in 2024 compared to \$82/bbl in 2023 which has generated lower oil revenues in 2024 for the Group. Prices ranged between \$68 and \$93 per barrel, marking the narrowest trading range since 2019. Average realised gas prices after hedging results have fallen from an average of 139p/therm in 2023 to 103p/therm. Average realised oil prices have remained at \$82/bbl in 2024 after hedging results (2023: \$82/bbl). The impact of the reduction in commodity prices has been offset by gains in relation to Group hedging portfolio which have decreased from a \$266 million gain in 2023 to a \$135 million gain in 2024.

Operating expenditure per boe of production increased from \$20.5/boe in 2023 to \$22.4/boe in 2024. The increase in unit operating expenditure per boe compared with 2023 reflects the significant fixed cost nature of operating cost spend coupled with lower production in the first half of 2024.

Company financial key performance indicators

	Year ended 31 December 2024	Year ended 31 December 2023
Production (barrel of oil equivalent - boe)		
Oil	2,515,597	262,573
Gas	5,778,370	5,415,017
Condensate	137,414	93,750
	8,431,381	5,771,340
Production (boepd)	23,037	15,812
Average realised price (\$/bbl)	84	77
Average realised gas price (p/therm)	79	93

Production

The Company's production in 2024 was 8,431,381 boe (2023: 5,771,340 boe), an increase of 46% from the previous year. This is primarily due to the Seagull field commencing production in November 2023.

Price

Average realised oil prices increased to \$84/bbl in 2024 in line with market movement (2023: \$77/bbl).

Average realised gas prices have fallen from an average of 93p/therm in 2023 to 79p/therm in 2024.

Company financial results

Statement of Profit or Loss

Revenue increased from \$369.5 million in 2023 to \$438.9 million for the year ended 31 December 2024, the increase was mainly in relation to a full year of production from the Seagull field, which commenced production in November 2023.

Cost of sales increased by \$21.4 million to \$190.9 million in 2024 compared to the previous year (2023: \$166.8 million), mainly driven by higher production due to first production from the Seagull field in November 2023 leading to higher operating costs and depletion, depreciation and amortisation (DD&A). This is partially offset by a movement in hydrocarbon inventory as a result of there being a significant underlifted position at 31 December 2024 compared to overlifted position at 31 December 2023. There was also an impairment charge of \$3.0 million in 2024 (2023: \$95.6 million) due to impairment of exploration and evaluation (E&E) assets (\$1.9 million) and decommissioning revisions for assets that have ceased production (\$1.1 million). An impairment of \$26.2 million was also recognised, mainly in relation to intercompany receivable balances that were deemed unrecoverable. A \$19.1 million gain was recognised related to the early close out of commodity derivatives, ahead of the Neptune sale to Eni UK in January 2024. This resulted in an increase of \$111.0 million in operating profit in the year to an operating gain of \$214.7 million in 2024 (2023: \$103.7 million).

Net finance income increased by \$1.3 million to \$2.1 million in 2024 compared to the previous year (2023: \$0.8 million), mainly due to higher interest income on the cash balances that were held prior to the acquisition by Ithaca Energy plc. Taxes increased by \$147.7 million to \$181.7 million in 2024 compared to the previous year (2023: \$33.9 million). The profit after tax is \$42.1 million in 2024, compared to the previous year (2023: \$70.5 million).

Other comprehensive income of \$16.3 million in the year (2023: other comprehensive income \$108.8 million) comprise currency exchange differences on translation of \$22.6 million (2023: \$56.2 million), less fair value losses after tax on cash flow hedges of \$6.3 million (2023: gains of \$52.6 million).

Statement of Financial Position

The Company has net assets of \$881.3 million (2023: \$1,132.8 million). The reduction is due to a dividend payment of \$324.6 million partially offset by the profit for the financial year of \$42.1 million.

Strategic Report for the year ended 31 December 2024 (continued)**Principal risks and uncertainties**

The principal risks and uncertainties of the Company are consistent with the principal risks of Ithaca Energy plc ("the Group") and are not managed separately. Refer to the Directors' Report for further details.

Section 172 Statement

From the perspective of the Board, as a result of the Group governance structure whereby the entity Board is embedded within the Parent Company Board, the matters that it is responsible for considering under Section 172 (1) of the Companies Act 2006 ('s172') have been considered to an appropriate extent by the Parent Company Board in relation to both the Group and to this entity.

The interests of the Company and the Group are closely aligned, and all decisions and policies are made at a Group level. Specific considerations in relation to the Company, with reference to the requirements of s172, are set out below. Overall, as a 100% owned subsidiary of Ithaca Energy PLC, whose Group companies hold operated interests in production and development assets and employs the majority of the personnel in the UK, the interests of the Company and the Group are closely aligned.

The likely consequences of any decision in the long term

The key consideration in this area is any decision made regarding the future of the production and developments assets held by the Company to achieve the ambitions of the Group. Decisions in this regard are taken at the Parent Company level. Decisions regarding payment of any dividends by subsidiary companies of the Parent Company are taken at a Group level based upon an assessment by the Group's finance team, taking into account a range of factors, including: the long-term viability of the Company; its expected cash flow and financing requirements; the ongoing need for strategic investment in the Company; and the expectations of the Parent Company's shareholders as a supplier of long-term equity capital to the Company.

The interest of the Company's employees

The Company and the Group are focused on creating an environment that is dynamic, inclusive and equitable. A workplace with a strong set of core values where people will thrive, be recognised and where there are no barriers to their progression.

The need to foster the Company's business relationships with suppliers, customers, lenders and others

Whilst the Company is an operator and has significant third party suppliers in addition to its joint venture partners, these relationships are managed at the Group level alongside the Company's relationships with its external customers, therefore no specific consideration is given to these at the Company Board level.

The impact of the Company's operations on the community and the environment

The impact of the Company's operations on the community and the environment are considered by the Parent Company Board.

The desirability of the Company maintaining a reputation for high standards of business conduct

Although the Company has limited suppliers and customers, the Directors continue to provide oversight governance of all Companies within the Group to ensure that they comply with the Group's policies and maintain high standards of business conduct. The subsidiaries provide regular updates on their activities to the Directors. Any investment or acquisition decisions taken by the Directors are made ensuring they are viable by reference to the high standards of business conduct, maximising value for shareholders through the safe, efficient and responsible production of the Group's assets and the pursuit of the Group's strategic objectives to BUY, BUILD and BOOST assets with the aim of building a business of increased scale and longevity.

The need to act fairly as between members of the Company

The Company's activities support the wider strategy of the Group and, owing to the fact the Company is a wholly owned subsidiary of the Parent Company, the Directors are required only to balance the interests of corporate shareholders that are themselves wholly owned subsidiaries of Ithaca Energy plc, rather than any third party members.

To the extent necessary for an understanding of the development, performance and position of the entity, and explanation of how the Parent Company Board has considered the matters set out in s172 (for the Group and for the entity) is set out on page 48 of Ithaca Energy plc's 2024 Annual Report and Accounts, which does not form part of this report.

Energy and carbon reporting

Under The Large and Medium-Size Companies and Groups (Accounts and Reports) Regulations 2008 we are required to report all sources of greenhouse gas (GHG) emissions and energy usage. The emissions strategy is managed at the Ithaca Group level and is not managed on an individual entity basis. The following provides details for the Group Strategy in relation to Emissions and Energy Usage.

The energy transition presents a significant challenge for the industry, and The Group is strategically positioning itself to maintain one of the lowest carbon emissions portfolios in the UK North Sea. The Group plan to achieve this through immediate, impactful actions, including projects aimed at reducing emissions from current operations and ensuring the efficient decommissioning of high intensity assets at the end of their lifecycle. The Group are also transitioning its portfolio by investing in lower-emission intensity assets, such as Cygnus and Rosebank, while seeking to advance projects such as Cambio.

The Group's Net Zero strategy is at the heart of the approach to GHG emissions reduction. It is a clear and simple approach that takes the Group to Net Zero by 2040. The strategy is comprised of 3 parts:

The first part of the strategy is to reduce emissions across operated and non-operated assets as much as reasonably practicable. The focus today, and in the near term, is to deliver emissions reduction project as set out in asset ERAPs. On the operated assets, the Group continuously identify and assess emission reduction opportunities and progress the projects through their maturation process. On non-operated assets the Group support and collaborates with the other joint venture participants to deliver the opportunities in the assets ERAPs, contributing to the reduction of the Group's net equity emissions footprint

The second part of their strategy is to transition their portfolio to lower carbon intensity assets. This is through a variety of ways, including acquiring low intensity assets, the development of new low intensity fields, and the efficient decommissioning of high intensity assets; and

Whilst the first and second parts of the Group strategy takes the Group from today towards 2040, the final part of the strategy looks at 2040 and beyond, where the longer term approach will be to achieve and sustain Net Zero through offsetting the Group's hard to abate residual Scope 1 and 2 emissions. By 2040, The Group believe there will be offset schemes, leveraging global carbon prices that will provide trusted ways to fund the best carbon-reduction projects.

On the Group's journey to Net Zero, the Group are committed to achieving the emissions reduction targets, which are aligned to the NSTD, and they are committed to working with the NSTA on decarbonisation. These are absolute emissions (Scope 1 and 2) reductions vs. the baseline year of 2018, delivering 10% reduction by 2025, 25% by 2027, and 50% by 2030. These targets are on a net equity, portfolio basis.

Since 2020, the Group have had a reduction target for only operated assets, of a 25% reduction versus the 2019 baseline by 2025. This was an industry leading ambition, set before the NSTD was signed, to drive emissions reduction and a GHG conscience in the business. It was very successful, leading to the formation of a dedicated Energy Transition team, adoption of CO2 metrics and KPIs throughout the business, brought an inclusion of emissions impacts into every day decisions and saw many emission reduction projects being initiated. However, the Group's business and portfolio has changed significantly since 2020, with the most recent being the Business Combination with Eni UK in 2024. As a result of these portfolio changes the target no longer has the same impact and benefit as it once did and is not representative of where the Group are today.

Strategic Report for the year ended 31 December 2024 (continued)

Energy and carbon reporting (continued)

The Group now operates the Cygnus field, and the portfolio has considerable non-operated production, therefore, the attention must be on net equity emissions reduction, aligned with the UK Government through the NSTD. As we enter 2025, the Group has retired their original target and now focus on the net equity absolute emissions target as described. Together with this target the Group continue to aim to achieve zero routine flaring across their assets ahead of 2030, and are maturing and implementing projects to successfully deliver this objective.

The outlook of the new portfolio, following the Business Combination, puts the Group on track to meet their net equity absolute Scope 1 and 2 emissions reduction targets, in 2025, 2027 and 2030, as well as having an intensity lower than the anticipated basin average.

There are projects underway that will ensure the Group meet their commitments to zero routine flaring on all our operated assets, as well as supporting their joint venturers in ensuring the non-operated assets meet the 2030 target. Many of the material projects, flare gas recovery, the second export compressor, and dual fuel on the FPSO fired heaters on the Captain asset, will undergo material construction work during 2025 with flotel and shutdown campaigns planned. This will be a major milestone in seeing those projects put into operation between the end of 2025 and first half 2026, based on current plans.


Supporting the Group's efforts on reducing intensity, new developments will continue to be progressed, particularly Rosebank and Captain EOR Phase II. Late life assets, Alba and FPF-1, will continue their decommissioning journey and will create CO2 capacity for further lower intensity developments in the portfolio.

The Company has reported on all of the emission sources within its operational control required under the Companies Act 2006 Regulations 2013 and The Companies (Directors' Report) (Energy and Carbon Report) Regulations 2018. Ithaca has used the principles of the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), and data gathered to fulfil the requirements under the 'Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance March 2019'. Approximately 100% of reported emissions relate to emissions from the UK and offshore area, metrics are on a 100% basis for the Company's operated asset (Cygnus) and include the onshore office.

	2024	2023
Scope 1 emissions (tCO2e)	74,243	-
Carbon Intensity (kgCO2e/BOE)	6	-
Energy Consumption (MWh)	521	-

The Company's greenhouse gas emissions and energy consumption for 2023 is disclosed in the financial statements of the Eni Energy Group (formerly Neptune Energy Group Limited), the ultimate parent company at 31 December 2023. Copies of these financial statements can be obtained from Nova North, 11 Bressenden Place, London, SW1E 5BY.

Approved by the Board and signed on its behalf by:

DocuSigned by:

 Iain CS Lewis 0B5897453...
 Director

11 March 2026

Directors' Report for the year ended 31 December 2024

The Directors present their report and the audited financial statements of Ithaca (NE) E&P Limited ("the Company") for the year ended 31 December 2024.

Results and dividends

The Company's profit for the financial year was \$42.1 million (2023: \$70.5 million) which has been added to reserves. During the year a dividend of \$324.6 million was paid (2023: \$ nil).

Change in presentation currency

On 3 October 2024, the Company changed the currency in which it presents its financial statements from Pounds Sterling to US Dollars, in line with the Company's functional currency (see note 3).

Future developments

Management's primary future area of focus for 2025 and beyond is to continue to operate safely, efficiently and maximise production.

The Group, and the Company, will also advance the other existing exploration projects and developments over the year as well as evaluating any potential opportunities to expand the asset portfolio in order to continue to deliver shareholder value.

Principal risks and uncertainties*Major HSE Incident*

Operations may face a major accident or process safety event, resulting in personal injuries, loss of containment, resultant physical asset damage and/ or environmental impact. A major accident event could impact production and financial performance of the Company. The Company could also be subject to regulatory actions, including fines and external reputation could be affected.

Cyber Security Breach

Cyber security is an ongoing risk to the Company and the rest of the Group due to the constantly evolving and intensifying threat landscape which has heightened due to the increased Group profile and media attention around the oil and gas industry. Malicious attacks may lead to system unavailability, lack of access to systems and loss of data. Leading to production downtime, financial costs, fines and reputational damage which would have a significant impact on the Company.

Commodity Price Volatility

Future commodity prices are difficult to predict but are expected to remain subject to increased levels of volatility and speed of change. The fluctuations in supply and demand, and consequent impact on commodity prices, may result in the Group being unable to deliver the anticipated financial returns to shareholders and be unable to support all ongoing operations and capital projects. This could restrict growth opportunities for the Company.

Production Delivery Issues

Due to a range of factors, such as well performance, ageing assets and unexpected shutdowns/expenditure, the Company may be unable to deliver forecast production volumes which could then undermine the future growth and investment strategy.

Energy Transition & Net Zero Delivery

The Company along with the rest of the Group is aligned with the government and industry regulator NSTA's Net Zero Framework and recognises that the Group needs to evolve to support the transition as it continues to focus on reducing emissions whilst supporting the UK's long-term energy needs. Transitional risks on the route to Net Zero have been identified, including changes to supply, demand and pricing for products as well as potential for changes to the regulatory landscape which may impact how we operate our Group and the associated costs of doing so. Changes to investor requirements could also impact our access to funding and societal expectations could impact our licence to operate. Longer-term physical risks related to changing meteorological conditions because of climate change are also considered.

Supply Chain Capacity and Capability

The Company's, along with the rest of the Group's, success and achievement of strategic objectives is dependent on supplier performance. It is recognised that suppliers are subject to similar principal risks to our own that impact on their capacity and capability, e.g. workforce retention and recruitment, financial pressures and cost escalation, volatile commodity prices and regulatory compliance. Supply chain risks could result in delays and/or increased cost to capital projects, increased unplanned production downtime, increased safety or environmental incidents, regulatory breaches which may impact achievement of strategic objectives.

Government Regulator, Political and Fiscal

The Company and the rest of the Group could be adversely impacted by changes to the fiscal, regulatory and political regime that may undermine its ability to meet its production commitments and deliver its strategy. Furthermore, the Company is entirely exposed to the UK jurisdiction and within the UK there is currently a significant level of political uncertainty that impinges on the UK oil and gas sector. The EPL was introduced by the UK Government in 2022, increasing the tax burden on the Group. Changes to the EPL have already been introduced since it was first announced including the increase in rate and duration, reduction and removal of investment allowances, and the introduction of the Energy Security Investment Mechanism. The consequence of fiscal, regulatory or political change could significantly impinge on the future profitability of the Company and also on the economic feasibility, scale and phasing of the future investment plans. The Company is also subject to increasing threat of legal challenge, e.g. environmental challenge. This may result in protracted legal cases/judicial reviews that may delay the planned completion of future capital project developments.

Major Compliance Breach

A failure to establish and maintain an effective compliance framework may lead to deficiencies in key processes or controls and to the risk of a major regulatory compliance breach that results in significant sanctions, reputational damage, financial loss and potentially a loss of licence to operate or a prohibition notice resulting in the shutdown of activities.

Capital Project Execution

The Group is currently engaged in a significant level of capital project activity (e.g. Captain EOR II, Rosebank). The Group also has future capital project plans for greenfield and brownfield developments, some of which require substantial levels of funding and technical expertise. Consequently, the Company and the rest of the Group faces significant risks associated with capital project execution and development. If a major capital project materially exceeds cost and schedule estimate it could erode project economics and create liquidity challenges for the Company.

Access to Capital

The Group does not have access to sufficient capital to fund the capital investment required to deliver the core strategy of the Group. ESG and fiscal regime instability undermining lending with a number of banks withdrawing from Reserves Based Lending to oil and gas companies. Increasing decommissioning security postings exacerbates capital access risk.

Integration of Eni UK upstream assets

Failure to deliver integration of people, systems and processes across Ithaca Energy and the Eni UK businesses, both leading up to and beyond the completion date of the combined Group. Failure to effectively integrate carries several diverse impacts, including poor communication across the organisation, inefficiencies in planning and execution of work, duplication of effort, failure to comply consistently with regulatory requirements and ultimately, destruction of value from the Business Combination.

Workforce Recruitment and Retention

Ithaca Energy faces a continuous challenge competing with local markets and competitors for specific skills and disciplines, especially with the general shift in the workforce dynamic in the UK and our industry, including an ageing and experienced workforce offshore. Consequently, this would impact the business's capabilities and capacity in delivering the business plan, affecting the achievement of our strategic objectives and a reduction in shareholder value.

Directors' Report for the year ended 31 December 2024 (continued)**Financial risk management**

Given the size of the Company, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board.

Commodity risk management

Commodity price risk related to crude oil prices is the Company's most significant market risk exposure. Crude oil prices and quality differentials are influenced by worldwide factors such as OPEC actions, political events and supply and demand fundamentals. The Company is also exposed to natural gas price movements. Natural gas prices are generally influenced by oil prices and local market conditions. The Company's expenditures are subject to the effects of inflation, and prices received for the product sold are not readily adjustable to cover any increase in expenses from inflation. The Company may periodically use different types of derivative instruments to manage its exposure to price volatility, thus mitigating fluctuations in commodity-related cash flows.

Foreign exchange rate risk

The Company is exposed to foreign exchange risks to the extent it transacts in various currencies, while measuring and reporting its results in United States Dollars. Since time passes between the recording of a receivable or payable transaction and its collection or payment, the Company is exposed to gains or losses on non-USD amounts and in the statement of financial position translation of monetary accounts denominated in non-USD amounts upon spot rate fluctuations from year to year.

Credit risk

The Company's accounts receivable with customers in the oil and gas industry are subject to normal industry credit risks and are unsecured.

The Company applies IFRS 9 simplified model for measuring the expected credit loss which uses a lifetime expected loss allowance and is measured on the days past due criterion. Having reviewed past payments combined with the credit profile of its existing trade debtors in order to assess the potential for impairment, the Company has concluded that this is insignificant as there has been no history of default or disputes arising on invoiced amounts since inception and as such the credit loss percentage is assumed to be almost zero. No provision for doubtful accounts against these sales has been recorded as at 31 December 2024 (2023: \$nil). However, having reviewed these factors combined with the credit profile of fellow group companies to assess the expected credit losses, the Company concluded that an expected credit loss provision of \$0.2 million in respect of intercompany receivables was required (2023: \$nil). The Company also recognised a \$26.0 million provision in relation to an intercompany receivable balance that is deemed unrecoverable.

Liquidity risk and cash flow risk

The Company along with its parent company (Ithaca Energy PLC) (see note 30) actively maintains a view on the future to optimise the mixture of debt and equity that will ensure the Company has sufficient available funds to develop its existing licenses and participate in future opportunities (see note 3).

Geo-political risk

The Company along with the rest of the Group are exposed to a range of political developments and consequent changes to the operating and regulatory environment could cause business disruption. These may in turn cause production to decline, limit the Group's ability to pursue new opportunities, affect the recoverability of its assets or cause it to incur additional costs. Political instability, changes to the regulatory environment or taxation, international trade disputes and barriers to free trade, international sanctions, acts of terrorism, acts of war and public health situations (including future epidemic or pandemic) may disrupt or curtail its operations or development activities. The impact and uncertainty around the Energy Profits Levy and any potential changes to the capital allowances tax structure could further limit the Group's ability to pursue planned and new investment opportunities.

Impact of climate change on the financial statements and related notes*Climate Change*

Impacts related to climate change and the transition to a lower carbon economy may include:

- demand for the Company's commodities decreasing, due to policy, regulatory (including carbon pricing mechanisms), legal, technological, market or societal responses to climate change, resulting in a proportion of a CGU's reserves becoming incapable of extraction in an economically viable fashion;
- physical impacts related to acute risks resulting from increased severity of extreme weather events, and those related to chronic risks resulting from longer term changes to climate patterns.

The Company continues to develop its assessment of the potential impacts of climate change and the transition to a lower carbon economy. Where sufficiently developed, the potential financial impacts on the Company of climate change and the transition to a lower carbon economy have been considered in the assessment of indicators of impairments, including:

- the Company's current assumptions relating to demand for commodities and carbon pricing and their impact on the Group's long term price forecasts and
- the Company's operational emissions reduction strategy.

See note 3 for further details.

Directors' Report for the year ended 31 December 2024 (continued)

Subsequent events

On 20 January 2025, the issued share capital of the Company was transferred from Ithaca Energy PLC to Ithaca Energy (E&P) Limited, a company registered in Jersey, and on 28th March 2025, the issued share capital was then transferred from Ithaca Energy (E&P) Limited to Ithaca Energy (UK) Limited.

On 29 January 2025, the Group announced a reorganisation and streamlining of the organisational structure for onshore staff which completed on 1 July 2025, which had no significant impact on the Company.

On 7 March 2025, a share capital reduction took place to reduce the share capital from 635,704,000 ordinary shares of £1 each to 100 ordinary shares of £1 each.

On 1 October 2025, the Company completed the acquisition of an additional 46.25% stake in the Cygnus gas field from Spirit Energy, increasing Ithaca Energy's operated interest in Cygnus to 85%.

Directors

The Directors who held office during the year and up to the date of this report are given below:

- I Lewis (appointed 3 October 2024)
- O Estensen (resigned 31 January 2024)
- J McAteer (appointed 3 October 2024)
- Y Friedman (appointed 3 October 2024)
- L Vasques (appointed 31 January 2024)
- F Castiglioni (appointed 7 June 2024, resigned 3 October 2024)
- G Grugni (appointed 7 June 2024, resigned 3 October 2024)
- F Rinaldi (appointed 7 June 2024, resigned 3 October 2024)
- R Waterlow (appointed 31 January 2024, resigned 7 June 2024)
- R Stallard (appointed 31 January 2024, resigned 7 June 2024)
- A Muirhead (resigned 31 January 2024)
- A Lumens (resigned 31 January 2024)
- O Estensen (resigned 31 January 2024)
- P Jones (resigned 31 January 2024)
- H Knoebl (resigned 31 January 2024)
- W Laidlaw (resigned 31 January 2024)

All Directors benefit from qualifying third party indemnity provisions in place, both for the Company and wider Group, during the financial year and at the date of this report.

Going concern

The Directors have obtained confirmation from Ithaca Energy plc that it will provide the necessary support to enable the Company to meet its obligations as they fall due. This confirmation is valid until 30 June 2027.

To conclude on the going concern for the Company, the Directors have considered the liquidity and solvency of Ithaca Energy plc and have considered going concern at the Group level.

Management closely monitors the funding position of the Group including monitoring compliance with covenants and available facilities to ensure sufficient headroom is maintained to fund operations. Management have considered a number of risks applicable to the Group that may have an impact on the Group's ability to continue as a going concern. Short-term and long-term cash forecasts are prepared on a weekly and quarterly/annual basis respectively along with any related sensitivity analysis. This allows proactive management of any business risk including liquidity risk.

The Directors consider the preparation of the financial statements on a going concern basis to be appropriate. This is due to the following key factors relevant to the assessment of the Group's ability to continue as a going concern and therefore its ability to provide support if required to the Company:

- Steady commodity price backdrop and a well hedged portfolio over the next 24 months;
- Reserves Based Lending ("RBL") is undrawn providing liquidity headroom of \$1,300 million, plus circa \$214 million cash at the end of February 2026; and
- Robust operational performance and well-diversified portfolio.

Cash flow forecast – base case assumptions:		2026	H1 2027
Average oil price	\$/bbl	68	66
Average gas price	p/th	83	72
Average hedged oil price (including floor price for zero cost collars)	\$/bbl	63	66
Average hedged gas price (including floor price for zero cost collars)	p/th	84	76

Owing to the on-going fluctuations in commodity demand and price volatility, management prepared sensitivity analysis to the forecasts and applied a number of plausible downside scenarios including decreases in production of 10%, reduced sales prices of 20% and increases in operating and capital expenditures of 10%. Management aggregated these scenarios to create a reasonable combined worst-case scenario. The sensitivity analysis showed that there was no reasonably possible scenario that would result in the business being unable to meet its liabilities as they fall due. Further mitigation strategies within the control of management include the reduction in uncommitted capital expenditure and variable opex savings in the low production scenario. The analysis demonstrated that the Group would still continue to comply with financial covenants and have sufficient liquidity throughout the period to 30 June 2027 to continue trading.

Based on their assessment of the Group's financial position to the period 30 June 2027, the Company's Directors believe that the Group will be able to continue in operational existence and provide any necessary financial support to the Company for the 12 months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis of accounting in preparing the Company's financial statements.

Directors' Report for the year ended 31 December 2024 (continued)**Employees**

It is the policy of the Company to employ the best qualified personnel and provide equal opportunity in the selection and advancement of employees regardless of race, colour, national origin, religious persuasion, sex, or marital status.

It is also the Company's policy to give full and fair consideration to disabled applicants for employment, having regard to their particular aptitudes and abilities. If any employee becomes disabled, the Company's objective is the continued provision of suitable employment either in the same or an alternative position, with appropriate training if necessary at the Company's cost.

It is the policy of the Company to enlist the support of all staff in providing the safest and healthiest environment within its premises that is reasonable and practical for all its employees and visitors.

People are core to the success of the Company and the Company is committed to maintaining a reputation as an employer of choice. The Company will only succeed if it works together, harnessing the collective expertise and experience of its people. The Company is focused on creating an environment that is dynamic, inclusive and equitable. A workplace with a new, strong set of core values where its people will thrive, be recognised and where there are no barriers to their progression.

The Company recognises that effective engagement and collaboration with its supply chain is key to the performance and growth of the business. Through engagement of the appropriate suppliers, proactive management of, and collaboration with those suppliers, the Company should ensure our operations are delivered safely and efficiently.

Corporate Governance Statement

The Company has not applied any specific Corporate Governance Code as it is wholly owned subsidiary of Ithaca Energy plc, which applies the UK Corporate Governance Code 2018, and is subject to those arrangements and governance. Full details of the Group's application of this Code can be found in the Group's annual report. Governance principles, as tailored to the Company, are explained below. Information can also be found within the section 172 statement within the Strategic Report.

Principal 1 - Purpose and Leadership

Our experienced Board of Directors are fully committed to upholding the highest standards of corporate governance as these play a vital part in driving the right behaviour while being crucial to overall business integrity and performance and to maintaining a sound framework for the control and management of the Company. The Board plays a critical role in shaping business performance while creating and delivering long-term, sustainable returns for shareholders. It is responsible for determining business strategy and the Company's appetite for risk, for monitoring management's performance in delivering against that strategy and ensuring the risk management frameworks and internal controls in place are appropriate and operating effectively. The culture of the business is considered an important aspect by the Board, as well as how the business is aligned with Ithaca Energy's vision and values. We operate a compliant, sustainable business that generates financial value in an environmentally viable way. Our governing principles mandate how we protect the value of our assets, at all times, on behalf of our shareholders. Our strategy is aligned to the UN's sustainable development goals putting transparency and equality at the core of our business. Our governing principles direct how we manage our people, working in a fair and responsible manner and we demand the same of our partners and suppliers.

Principal 2 - Board Composition

The Board is made up of Directors that are active in running the Company. They contribute broad expertise and insight to all of the Company's activities. Directors of the Board gain their knowledge of the wider Company's activities from regular and open discussions with senior managers at weekly Executive Leadership Team meetings. The Board of the Group hold the Executive Chairman, the Chief Executive Officer and the Executive Leadership Team to a high standard. The Executive Chairman works with fellow Board members to ensure the highest standards of corporate governance with a robust, comprehensive corporate framework. Given that the Company is one of the subsidiaries within the wider Ithaca group, there are no separate Chairman and Chief Executive roles and no Non Executive Directors on the Board at the Company level.

Principal 3 – Directors' Responsibilities

Corporate governance is overseen by the Board with the support of the Executive Leadership Team and is centred around strong core values and acting with integrity and transparency. Our focus is on comprehensive risk governance that extends from our Board through our executive and senior leadership teams and throughout our entire business. Authority for day to day management and operation of the different areas of the business is delegated to the relevant function leaders. Policies and practices are being formally developed and assessed on an ongoing basis. The Board receives monthly reports covering operational highlights, production performance, financial performance against targets, hedging positions and political and fiscal updates. Quarterly board meetings occur where more in depth reviews take place and monthly reported performance is discussed. This information allows the board to make effective decisions.

Principal 4 - Risks and Opportunities

The Company applies an enterprise risk management approach to managing the risks and opportunities it is faced with. Enterprise wide risks and opportunities are discussed on a monthly basis with the senior managers in the Executive Leadership Team. The Board is ultimately responsible for ensuring that Company maintains an effective risk management and internal control system by appropriately incorporating the 'three lines of defence model' into the governance structure of the Company. Senior management is collectively responsible and accountable for the risk management process across the organisation with each principal risk assigned and owned by a member of the Executive Leadership Team (ELT). We recognise that risk cannot be fully eliminated or mitigated, therefore it is important to maintain one of four essential relationships with individual risks: avoid, accept, mitigate or share/insure. It is the role of the Board and Senior Management to determine the levels of risk that is acceptable, the risk appetite, in the drive to achieve the strategic objectives of the Company.

Principal 5 - Remuneration

The Company provides a reward package that is competitive in the local market and is linked to performance of the individual and the performance of the Ithaca Group. Remuneration levels are reviewed and approved by the Executive Leadership Team. Further details can be found in the Directors' Remuneration Report on pages 136 to 161 of the Ithaca Energy plc Annual Report 2024.

Principal 6 - Stakeholder Relationship and Engagement

The Company has a wide range of stakeholders which includes the ultimate parent Company, the workforce, joint venture partners, suppliers, UK government and local communities. Stakeholder engagement is important to the Board, as delivering value for them is directly linked to the success of the Group. To successfully deliver strategy and create value for stakeholders, it is important to understand what matters to them. Through regular engagement, the Board gain insight into the different perspectives of its diverse stakeholders and ensure that objectives are understood. Considering their feedback on the strategy, business model and performance builds strong, constructive relationships and enables robust decision-making at Board level.

Directors' Report for the year ended 31 December 2024 (continued)**Statement of Directors' Responsibilities**

The Directors are responsible for preparing the Annual Report and the Company's financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS101 "Reduced Disclosure Framework". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on 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 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.

Directors' confirmations

The Directors in office at the date of approval of this report confirm that:

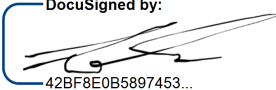
- so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the necessary steps that ought to have been taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

Independent Auditor

Pursuant to section 485 of the Companies Act 2006, a resolution to reappoint the auditor, Deloitte LLP, will be put to a General Meeting.

Approved by the Board and signed on its behalf by:

DocuSigned by:

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Iain CS Lewis
Director

11 March 2026

Independent Auditor's Report to the members of Ithaca (NE) E&P Limited**Report on the audit of the financial statements****Opinion**

In our opinion the financial statements of Ithaca (NE) E&P Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of profit or loss;
- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the material accounting policy information; and
- the related notes 1 to 32.

The financial reporting framework that has been applied in their preparation 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 are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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.

Responsibilities of Directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditor's Report to the members of Ithaca Energy (UK) Limited (continued)**Auditor's responsibilities for the audit of the financial statements**

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

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

Extent to which the audit was considered 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 considered the nature of the company's industry and its control environment, and reviewed the company's documentation of its policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in respect of determining the recoverability of the Company's oil and gas assets due to the significance of associated management judgements and estimates. Specifically the assumptions in respect of discount rate, reserves estimates and forecast commodity prices are judgmental. Our response comprised, but was not limited to, involvement of valuations and reserves specialists and benchmarking forecasts against independent industry data.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing minutes of the technical committee and reviewing correspondence with HMRC and the licensing authority on oil and gas exploration, production and decommissioning.

Report on other legal and regulatory requirements**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic report or the Directors' report.

Matters on which we are required to report by exception

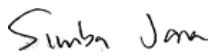
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Noel Simbarashe Jana, FCCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Aberdeen, United Kingdom
11 March 2026

Statement of Profit or Loss
For the year ended 31 December 2024

	Note	2024 \$'000	Restated* 2023 \$'000
Revenue	4	438,924	369,454
Cost of sales	5	(190,876)	(166,805)
Gross profit		248,048	202,649
Exploration and evaluation expenses		(701)	(1,034)
Impairment	12	(2,966)	(95,558)
Impairment loss on amounts due from fellow group companies	14	(26,210)	-
Mark-to market costs		-	(2,414)
Other operating expenses		(987)	(37)
Other income		38	63
Administrative expenses	6	(7,774)	-
Other derivative gains	23	19,095	-
Foreign exchange loss		(6,852)	-
Operating profit		221,691	103,669
Profit before interest and tax		221,691	103,669
Finance costs	7	(8,430)	(5,451)
Finance income	7	10,482	6,228
Profit before tax		223,743	104,446
Tax on profit	21	(181,680)	(33,939)
Profit for the financial year		42,063	70,507

The results above are entirely derived from continuing operations.

The notes on pages 18 to 36 are an integral part of these financial statements.

* The restatement of the prior year is explained in note 28.

Statement of Comprehensive Income
For the year ended 31 December 2024

	Note	2024 \$'000	Restated* 2023 \$'000
Profit for the year		42,063	70,507
Items that may be reclassified to profit and loss			
Fair value (loss)/gain on cash flow hedges	23	(21,390)	210,379
Deferred tax on cash flow hedges	21	15,045	(157,784)
Exchange differences on translation		33,289	56,229
Other comprehensive income		26,944	108,824
Total comprehensive income		69,007	179,331

* The restatement of the prior year is explained in note 28.

The notes on pages 18 to 36 are an integral part of these financial statements.

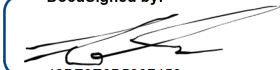
Statement of Financial Position
As at 31 December 2024

	Note	2024 \$'000	Restated* 2023 \$'000
ASSETS			
Non-current assets			
Long term receivable	13	1,579	2,863
Investments	9	-	-
Amounts due from group undertakings	14	43,183	-
Exploration and evaluation assets	10	595	2,074
Property, plant and equipment	11	619,028	652,300
Deferred tax asset	21	287,549	355,215
Derivative financial instruments	24	-	6,068
		951,934	1,018,520
Current assets			
Inventory	8	71,812	21,382
Trade and other receivables	13	106,916	334,639
Cash and cash equivalents		47,616	-
Derivative financial instruments	24	-	22,098
		226,344	378,119
Current liabilities			
Trade and other creditors	15	(89,823)	(138,187)
Tax creditor		(87,269)	(5,469)
Current provisions	17	(3,953)	(1,512)
Amounts due to group undertakings	16	(101)	(19)
Derivative financial instruments	24	-	(5,245)
		(181,145)	(150,432)
Net current assets		45,199	227,687
Total assets less current liabilities		997,133	1,246,207
Non-current liabilities			
Provisions	17	(107,742)	(98,112)
Other long term liabilities	18	(8,103)	(12,124)
Derivative financial instruments	24	-	(3,187)
		(115,845)	(113,423)
Net assets		881,288	1,132,784
Equity			
Called up share capital	20	845,742	845,742
Capital contribution reserve	25	4,142	-
Foreign currency translation reserve		10,259	(23,030)
Cashflow hedge reserve	23	-	6,345
Retained earnings		21,145	303,727
Total shareholders' funds		881,288	1,132,784

* The restatement of the prior year is explained in note 28.

The financial statements on pages 14 to 36 were approved and authorised for issue by the Board of Directors on 11 March 2026 and signed on its behalf by:

DocuSigned by:



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Iain CS Lewis

Director

Ithaca (NE) E&P Limited, Registered number 1483021

Statement of Changes in Equity
For the year ended 31 December 2024

	Note	Called Up Share Capital \$'000	Capital Contribution Reserve \$'000	Cashflow Hedge Reserve \$'000	Foreign Currency Translation Reserve \$'000	Retained Earnings \$'000	Total Shareholders' Funds \$'000
Balance at 1 January 2023 as previously reported		845,742	-	(46,250)	-	232,957	1,032,449
Effect of change in accounting policy	3	-	-	-	(79,259)	-	(79,259)
Effect of correcting prior period error	28	-	-	-	-	263	263
Balance at 1 January 2023 restated		845,742	-	(46,250)	(79,259)	233,220	953,453
Profit for the financial year, restated	28	-	-	-	-	70,507	70,507
Other comprehensive income		-	-	52,595	56,229	-	108,824
Total comprehensive income		845,742	-	6,345	(23,030)	303,727	1,132,784
Balance at 31 December 2023, restated		845,742	-	6,345	(23,030)	303,727	1,132,784
Profit for the financial year		-	-	-	-	42,063	42,063
Other comprehensive (loss)/income		-	-	(6,345)	33,289	-	26,944
Total comprehensive income		845,742	-	-	10,259	345,790	1,201,791
Capital contribution	25	-	4,142	-	-	-	4,142
Dividends paid	26	-	-	-	-	(324,645)	(324,645)
Balance at 31 December 2024		845,742	4,142	-	10,259	21,145	881,288

The notes on pages 18 to 36 are an integral part of these financial statements.

Notes to the financial statements for the year ended 31 December 2024**1. NATURE OF OPERATIONS**

Ithaca (NE) E&P Limited (the "Company" or "Ithaca"), is a private company limited by shares incorporated in the United Kingdom and registered in Scotland. The registered office address is 1 Park Row, Leeds, LS1 5AB. The Company is involved in the appraisal, development and production of oil & gas in the North Sea.

2. BASIS OF PREPARATION

These financial statements of the Company have been prepared on a going concern basis in accordance with United Kingdom Accounting Standards, FRS 101 and the Companies Act 2006 ("the Act") as applicable to companies using FRS 101.

FRS 101 sets out a reduced disclosure framework for a "qualifying entity", as defined in the Standard, which addressed 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 IASB adopted International Financial Reporting Standards ("IFRSs").

The Company is a qualifying entity for the purposes of FRS 101. Note 30 gives details of the Company's ultimate parent and from where the consolidated financial statements prepared in accordance with IFRS may be obtained.

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

- (a) the requirements of paragraphs 10(d), 10(f), 16, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 'Presentation of Financial Statements';
- (b) the requirements of IAS 7 'Statement of Cash Flows';
- (c) the requirements of paragraph 17 of IAS 24 'Related Party Disclosures';
- (d) the requirements in IAS 24 to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- (e) the requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors';
- (f) the requirements of IFRS 7 'Financial Instruments: Disclosures';
- (g) the requirements of paragraphs 52 and 58 of IFRS 16 'Leases';
- (h) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-(f) and 135(c)-(e) of IAS 36 'Impairment of Assets';
- (i) the requirements of paragraphs 91-99 of IFRS 13 'Fair Value Measurement', and
- (j) the requirements of paragraphs 88B-88D of IAS12 Income Taxes.

The Company is exempt from preparing consolidated financial statements in accordance with Section 401 of the Companies Act 2006.

The financial statements are presented in US Dollars and all values are rounded to the nearest thousand (USD\$'000), except when otherwise indicated.

3. MATERIAL ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATION UNCERTAINTY**Basis of measurement**

The financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities to fair value, including derivative instruments.

Change in functional and presentational currency

The functional and presentational currency of the Company was changed from Great British Pounds to US Dollars on 3 October 2024, following the completion of the business combination between Ithaca Energy and Eni U.K., reflecting the change in ownership structure and financing arrangements that most faithfully represents the economic effects of the underlying transactions, events and conditions of the Company.

The change in functional currency has been applied prospectively. The change in presentation currency has been applied retrospectively as follows:

All comparative information in the financial statements previously reported in Great British Pounds has been re-presented in US Dollars, rounded to the nearest thousand dollars, using the procedures below:

- Assets and liabilities are translated into US dollars at the closing rates of exchange. At 3 October 2024, the closing rate was Sterling/US dollars 1.337;
- Trading results are translated into US dollars at the average rate of exchange. For the year ended 31 December 2023, the average rate was Sterling/US dollars 1.244;
- Differences resulting from the retranslation of the opening net assets and the results in the year have been taken to the translation reserve within equity and presented within the Statement of Comprehensive Income.

Going concern

The Directors have obtained confirmation from Ithaca Energy plc that it will provide the necessary support to enable the Company to meet its obligations as they fall due. This confirmation is valid until 30 June 2027.

To conclude on the going concern for the Company, the Directors have considered the liquidity and solvency of Ithaca Energy plc and have considered going concern at the Group level.

Management closely monitors the funding position of the Group including monitoring compliance with covenants and available facilities to ensure sufficient headroom is maintained to fund operations. Management have considered a number of risks applicable to the Group that may have an impact on the Group's ability to continue as a going concern. Short-term and long-term cash forecasts are prepared on a weekly and quarterly/annual basis respectively along with any related sensitivity analysis. This allows proactive management of any business risk including liquidity risk.

The Directors consider the preparation of the financial statements on a going concern basis to be appropriate. This is due to the following key factors relevant to the assessment of the Group's ability to continue as a going concern and therefore its ability to provide support if required to the Company:

- Steady commodity price backdrop and a well hedged portfolio over the next 24 months;
- Reserves Based Lending ("RBL") is undrawn providing liquidity headroom of \$1,300 million, plus circa \$214 million cash at the end of February 2026; and
- Robust operational performance and well-diversified portfolio.

Notes to the financial statements for the year ended 31 December 2024 (continued)

3. MATERIAL ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATION UNCERTAINTY (continued)

Going concern (continued)

Cash flow forecast – base case assumptions:		2026	H1 2027
Average oil price	\$/bbl	68	66
Average gas price	p/th	83	72
Average hedged oil price (including floor price for zero cost collars)	\$/bbl	63	66
Average hedged gas price (including floor price for zero cost collars)	p/th	84	76

Owing to the on-going fluctuations in commodity demand and price volatility, management prepared sensitivity analysis to the forecasts and applied a number of plausible downside scenarios including decreases in production of 10%, reduced sales prices of 20% and increases in operating and capital expenditures of 10%. Management aggregated these scenarios to create a reasonable combined worst-case scenario. The sensitivity analysis showed that there was no reasonably possible scenario that would result in the business being unable to meet its liabilities as they fall due. Further mitigation strategies within the control of management include the reduction in uncommitted capital expenditure and variable opex savings in the low production scenario. The analysis demonstrated that the Group would still continue to comply with financial covenants and have sufficient liquidity throughout the period to 30 June 2027 to continue trading.

Based on their assessment of the Group's financial position to the period 30 June 2027, the Company's Directors believe that the Group will be able to continue in operational existence and provide any necessary financial support to the Company for the 12 months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis of accounting in preparing the Company's financial statements.

Impact of climate change on the financial statements and related notes

Judgements and estimates made in assessing the impact of climate change and the energy transition

Climate change and the transition to a lower-carbon system were considered in preparing the financial statements. These may have the potential for significant impacts on the carrying values of the Company's assets and liabilities discussed below as well as on assets and liabilities that may be reflected in future. There is generally a high level of uncertainty about the speed and magnitude of impacts of climate change which, together with limited historical data, provides significant challenges in the preparation of forecasts and financial plans with a wide range of potential future outcomes.

The Group and the Company's ambition is to have one of the lowest carbon emission portfolios in the UK North Sea and to achieve Net Zero, on a net equity basis, and in respect of Scope 1 and 2 emissions, by 2040, ten years ahead of the North Sea Transition Deal commitment. This will be achieved by optimising the current portfolio in the short term and fundamentally transitioning our portfolio over the medium to long term whilst maintaining forecast levels of production. Initiatives include, but are not limited to, operational improvements, offshore electrification, and the eventual cessation of production of mature fields which have higher carbon intensity. Where we cannot reduce Scope 1 and Scope 2 emissions, we will invest in carbon offsets to achieve our goal of Net Zero. All new economic investment decisions include estimated costs of the energy transition based on existing technology and estimated costs of carbon and these opportunities are assessed on their climate impact potential and alignment with our Net Zero target, taking into account both greenhouse gas volumes and emissions intensity.

Specific considerations of the potential impacts of climate change on significant judgements and estimates used in the financial statements are considered below. The items outlined below are likely to manifest themselves over a number of years and are therefore not generally considered to represent "key sources of estimation uncertainty" as required by IAS 1 (being those which could have a material impact on the Company's results in the 12 months following the reporting date) which are separately disclosed later in this note.

Impairment of goodwill and property, plant and equipment

The energy transition has the potential to significantly impact future commodity and carbon prices in that as the UK and global energy system decarbonises, reduced demand for oil and gas products in favour of low carbon alternatives could cause oil and gas prices to fall which would, in turn, affect the recoverable amount of goodwill and property, plant and equipment. In the current period management's estimate of the long-term commodity price assumptions are \$83/bbl for Brent Crude and 87p/therm for UK NBP gas. The other areas of estimation uncertainty in this note and note 12 includes the impact on impairment headroom of a 20% downside in net revenues. Management has concluded that this reduction is also reflective of amending its long-term commodity price assumptions to those that are in line with a range of transition paths consistent with the temperature goal of the Paris climate change agreement, of holding the increase in the global average temperature at well below 2 degrees above pre-industrial levels and pursuing efforts to limit the temperature to 1.5 degrees above pre-industrial levels. This assessment is based on climate change scenarios currently available from the International Energy Agency and World Business Council for Sustainable Development.

Recoverable values used for impairment testing for all cash generating units ('CGU's) include the estimated cost of UK carbon emissions allowances. The recoverable value of CGU's may be impacted by future carbon pricing legislation changes, which could increase operating costs through higher emissions allowances or the introduction of other carbon pricing mechanisms. Electrification of offshore operations for specific assets is planned in line with our 2040 net zero ambitions and where feasible based on existing technology, estimated electrification costs are included within the assessment of the recoverable value of the relevant CGU.

Property, plant and equipment – depreciation and useful economic lives

The energy transition has the potential to reduce the expected useful economic lives of assets and hence accelerate depreciation charges. It is anticipated that certain higher emission-intensity assets such as FPF-1 will cease production in the medium term and will be replaced by new lower-emission intensity assets. Management does not currently expect the useful economic lives of the Company's reported property, plant and equipment to significantly change solely as a result of the energy transition. However, significant capital expenditure is still required for ongoing projects and therefore the useful lives of future capital expenditure may be different.

Intangible assets

The impacts of climate change and the energy transition may affect the viability of exploration prospects. The recoverability of the existing intangibles was considered during 2024, however no significant write-offs were identified. Viability of these assets will continue to be assessed on a regular basis.

Decommissioning provisions

Most of the Company's existing decommissioning obligations are estimated to be completed over the course of the next eight years. The impacts of climate change and the energy transition may bring forward the expected timing of decommissioning activity, increasing the present value of the associated decommissioning provisions. The potential impact of a reasonably possible acceleration of estimated decommissioning dates, which considers the potential impact of the energy transition, is considered to be 2 years. The impact of such an acceleration of cessation of production across the Company's producing portfolio would result in an increase in the decommissioning provision of approximately \$6.2 million.

While the pace of the transition to a lower-carbon economy is uncertain, oil and gas demand is expected to remain a key element of the energy mix for many years based on stated policies, commitments and announced pledges to reduce emissions. Therefore given the estimated useful lives of the Company's oil and gas portfolio, a material adverse change is not anticipated to the carrying value of the Company's assets and liabilities in the short-term as a result of climate change and the transition to a lower-carbon economy.

Notes to the financial statements for the year ended 31 December 2024 (continued)**3. MATERIAL ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATION UNCERTAINTY (continued)****Material accounting policies****Business combinations**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the consideration given for the assets acquired, equity instruments issued and liabilities incurred or assumed at the date of completion of the acquisition. Transaction costs incurred are expensed and included in administrative expenses. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is less than the Company's share of the net assets acquired, the difference is recognised directly in the statement of profit or loss as a gain on bargain purchase.

Investments in subsidiaries

Investments in group undertakings are recorded at cost, which is the fair value of the consideration paid, less accumulated impairment losses. The Company assesses investments in subsidiaries for impairment whenever changes in circumstances or events indicate that the carrying value may not be recoverable. If such impairment indicators exist, the carrying amount of the investment is compared to its recoverable amount. The recoverable amount is the higher of the investment's fair value less costs of disposal and its value in use. The investment is written down to its recoverable amount when its carrying amount exceeds the recoverable amount. Prior years' impairments are reversed should there be a change in economic conditions from those in existence at the time the impairment was recognised.

Interest in joint operations

Under IFRS 11, joint arrangements are those that convey joint control which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

The Company's interest in joint operations (e.g. exploration and production arrangements) are accounted for by recognising its assets (including its share of assets held jointly), its liabilities (including its share of liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of revenue from the sale of output by the joint operation and its expenses (including its share of any expenses incurred jointly).

Revenue

The sale of crude oil, gas or condensate represents a single performance obligation, being the sale of barrels equivalent on collection of a cargo or on delivery of commodity into an infrastructure. Revenue is accordingly recognised for this performance obligation when control over the corresponding commodity is transferred to the customer. Revenue is recognised at a point in time and is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected for third parties. Details of hedging gains and losses presented in revenue are discussed in the hedging accounting policy set out below.

Tariff income is recognised as the underlying commodity is shipped through the pipeline network based on established tariff rates.

Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the 'functional currency'). The financial statements are presented in US Dollars, which is the Company's presentation currency as well as the functional currency. In preparing the financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign exchange gains and losses resulting from settlement of such transactions and from the translation at year end exchange rates of monetary asset and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

Exchange differences are recognised in profit and loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/hedge accounting).

Notes to the financial statements for the year ended 31 December 2024 (continued)**3. MATERIAL ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATION UNCERTAINTY (continued)****Financial Instruments**

All financial instruments are initially recognised at fair value on the statement of financial position. The Company's financial instruments consist of accounts receivable, accounts payable and accrued liabilities, derivatives, borrowings and amounts due to and from group companies. Under IFRS 9, with the exception of derivatives and contingent considerations, all financial instruments are recorded at amortised cost based on an analysis of the business model and terms of financial assets. All financial instruments are required to be measured at fair value on initial recognition. Measurement in subsequent periods is dependent on the classification of the respective financial instrument.

IFRS 9 classifications:

Cash and cash equivalents are classified at amortised cost which equates to its fair value. Accounts receivable and long-term receivables are classified and carried at amortised cost less expected credit losses as they have a business model of held to collect and the terms of the financial instrument meet the solely payments of interest on principle outstanding. Accounts payable, accrued liabilities, certain other long-term liabilities, and borrowings are classified as other financial liabilities and carried at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, discount or premium. Contingent consideration is measured at fair value though profit or loss. Although the Company does not intend to trade its derivative financial instruments, they are required to be carried at fair value with the treatment of fair value movements explained further below.

Interest free loans from parents are initially recognised at fair value. The difference between the fair value of the loans and the nominal value is accounted for as a capital contribution and is credited to equity. After initial recognition, the loans are measured at amortised cost using implied interest rate of the notes.

Transaction costs that are directly attributable to the acquisition or issue of a financial asset or liability and original issue discounts on long-term debt have been included in the carrying value of the related financial asset or liability and are amortised to net earnings over the life of the financial instrument using the effective interest method.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to commodity risks, interest rate and foreign exchange rate risks. These instruments include commodity swaps, collars and options; foreign exchange forward contracts and collars; and interest rate swaps. Further details of derivative financial instruments are disclosed in notes 23 and 24.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Company has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives maturing in less than 12 months and expected to be realised or settled in less than 12 months are presented as current assets or current liabilities.

Hedge accounting

The Company designates certain derivatives as hedging instruments in respect of commodity risks in cash flow hedges.

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Company adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The Company designates only the intrinsic value of option contracts as a hedged item, i.e. excluding the time value of the option. The changes in the fair value of the aligned time value of the option are recognised in other comprehensive income and accumulated in the cost of hedging reserve. If the hedged item is transaction-related, the time value is reclassified to profit or loss when the hedged item affects profit or loss. If the hedged item is time period related, then the amount accumulated in the cost of hedging reserve is reclassified to profit or loss on a rational basis – the Company applies straight-line amortisation. Those reclassified amounts are recognised in profit or loss in the same line as the hedged item. If the Company expects that some or all of the loss accumulated in the cost of hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedge reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same revenue line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Company expects that some or all of the loss accumulated in the cash flow hedge reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Company discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to profit or loss.

If a hedge of a transaction related item is discontinued part way through the life of the hedge (e.g. due to early termination of the swap, hedging resets), but the hedged item is still expected to occur, the amounts deferred in equity would remain in equity until the earlier of: (i) the hedged transaction occurring; or (ii) expectation that the amount deferred in equity will not be recovered in the future periods.

Analyses of the fair values of financial instruments and further details as to how they are measured are provided in notes 23 to 24.

Notes to the financial statements for the year ended 31 December 2024 (continued)**3. MATERIAL ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATION UNCERTAINTY (continued)****Cash and cash equivalents**

In the statement of financial position, cash and bank balances comprise cash (i.e. cash on hand and demand deposits) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Inventory

Inventories of materials are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined on the first-in, first-out method. Current hydrocarbon inventories are stated at net realisable value, which is based on estimated selling price less any further costs expected to be incurred to completion and disposal/sale. Non-current oil and gas inventories are stated at historic cost. Provision is made for obsolete, slow-moving and defective items where appropriate.

Intercompany

Balances with other companies of the Ithaca group are stated gross, unless both the following conditions are met:

- currently there is a legally enforceable right to set off the recognised amounts; and
- there is intent either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Trade and other receivables

Trade receivables are recognised and carried at the original invoiced amount, less any provision for estimated irrecoverable amounts.

For trade receivables and accrued income, the Company applies a simplified approach in calculating expected credit losses (ECLs). Therefore, the Company does not track changes in credit risk, but instead, recognises any material loss allowance based on lifetime ECLs at each reporting date.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Provision for expected credit losses of receivables

A high level analysis, which considers both historical and forward looking qualitative and quantitative information is performed by the Company to determine whether the credit risk has significantly increased since the time any intercompany receivable was initially recognised. However, having reviewed these factors combined with the credit profile of fellow group companies to assess the expected credit losses, the Company concluded that an expected credit loss provision of \$0.2 million (2023: \$nil) was required.

Trade payables

All other financial liabilities are initially recognised at fair value, net of directly attributable transaction costs. For interest-bearing loans and borrowings this is typically equivalent to the fair value of the proceeds received, net of issue costs associated with the borrowing. After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognised in interest and other income and finance costs respectively. This category of financial liabilities included trade and other payables and finance debt.

Notes to the financial statements for the year ended 31 December 2024 (continued)**3. MATERIAL ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATION UNCERTAINTY (continued)****Property, plant and equipment****Oil and gas expenditure – exploration and evaluation (E&E) assets**

Geological and geophysical exploration costs are recognised as an expense as incurred. Costs directly associated with an exploration well are initially capitalised as an intangible asset until the drilling of the well is complete and the results have been evaluated. These costs include employee remuneration, materials and fuel used, freight costs and payments made to contractors. If potentially commercial quantities of hydrocarbons are not found, the exploration well costs are written off. If hydrocarbons are found and, subject to further appraisal activity, are likely to be capable of commercial development, the costs continued to be carried as an asset. If it is determined that development will not occur, that is, the efforts are not successful, then the costs are expensed.

Costs directly associated with appraisal activity undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, including the costs of appraisal wells where hydrocarbons were not found, are initially capitalised as an intangible asset. Upon internal approval for development and recognition of proved or sanctioned probable reserves, the relevant expenditure is first assessed for impairment and, if required, an impairment loss is recognised. The remaining balance is then transferred to development and production (D&P) assets. If development is not approved and no further activity is expected to occur, then the costs are expensed.

The determination of whether potentially economic oil and natural gas reserves have been discovered by an exploration well is usually made within one year of well completion, but can take longer, depending on the complexity of the geological structure. Exploration wells that discover potentially economic quantities of oil and natural gas in areas where major capital expenditure (e.g. an offshore platform or a pipeline) would be required before production could begin and where the economic viability of that major capital expenditure depends on the successful completion of further exploitation or appraisal work in the area remain capitalised on the balance sheet as long as such work is under way or firmly planned.

Oil and gas expenditure – development and production (D&P) assets*Capitalisation*

Costs of bringing a field into production, including the cost of facilities, wells and sub-sea equipment, are capitalised as a D&P asset. Normally each individual field development will form an individual D&P asset but there may be cases, such as phased developments, or multiple fields around a single production facility when fields are grouped together to form a single D&P asset.

Depreciation

All costs relating to a development are accumulated and not depreciated until the commencement of production. Depreciation is calculated on a unit of production basis based on the proved and probable reserves of the asset generally on a field by field basis. Any re-assessment of reserves affects the depreciation rate prospectively. Significant items of plant and equipment will normally be fully depreciated over the life of the field. However, these items are assessed to consider if their useful lives differ from the expected life of the D&P asset

Non-oil and natural gas operations

Non-oil and gas assets are initially recorded at cost and depreciated over their estimated useful lives on a straight line basis as follows –

Buildings	10 years
Computer and office equipment	3 years
Furniture and fittings	5 years

Impairment

For impairment review purposes the Company's oil and gas assets are aggregated into cash-generating units (CGUs) typically on a field by field basis for development and production assets in accordance with IAS 36 and on a North Sea segment basis for exploration and evaluation assets in accordance with IFRS6. A review is carried out each reporting date for any indicators that the carrying value of the Company's assets may be impaired or previously impaired assets (excluding goodwill) where a reversal of a previous impairment may arise. For assets where there are such indicators, an impairment test is carried out on the CGU. The impairment test involves comparing the carrying value with the recoverable value of an asset. The recoverable amount of an asset is determined as the higher of its fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to the recoverable amount. The resulting impairment losses are written off to the statement of profit or loss. Previously impaired assets (excluding goodwill) are reviewed for possible reversal of previous impairment at each reporting date. The maximum possible reversal is capped at the net book value had the asset not been impaired in the past. Where an exploration and evaluation licence is relinquished, amounts capitalised in respect of the licence are written off to profit and loss in the period in which the asset is relinquished.

Borrowing costs

Borrowing costs directly attributable to acquisition and construction of production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed as incurred. Borrowing costs directly attributable to E&E assets are not capitalised and are expensed directly to profit and loss when incurred.

Maintenance expenditure

Expenditure on major maintenance refits or repairs is capitalised where it enhances the life or performance of an asset above its originally assessed standard of performance; replaces an asset or part of an asset which was separately depreciated and which is then written off, or restores the economic benefits of an asset which has been fully depreciated. All other maintenance expenditure is charged to the statement of profit and loss as incurred.

Notes to the financial statements for the year ended 31 December 2024 (continued)**3. MATERIAL ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATION UNCERTAINTY (continued)****Decommissioning liabilities**

The Company records the present value of legal obligations associated with the retirement of long-term tangible assets, such as producing well sites and processing plants, in the period in which they are incurred with a corresponding increase in the carrying amount of the related long-term asset. Liabilities for decommissioning are recognised when the Company has an obligation to plug and abandon a well, dismantle and remove a facility or an item of plant and restore the site on which it is located, and when a reliable estimate can be made. Where the obligation exists for a new facility or well, such as oil & gas production or transportation facilities, the obligation generally arises when the asset is installed or the ground/environment is disturbed at the field location. In subsequent periods, the asset is adjusted for any changes in the estimated amount or timing of the settlement of the obligations. The amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements. The carrying amounts of the associated decommissioning assets are depleted using the unit of production method, in accordance with the depreciation policy for development and production assets. Actual costs to retire tangible assets are deducted from the liability as incurred. The unwinding of discount in the net present value of the total expected cost is treated as an interest expense. Changes in the estimates are reflected prospectively over the remaining life of the field.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a reimbursement asset is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The amount recognised for the reimbursement may not exceed the amount of the provision.

Tax*Current tax*

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted by the reporting date. Taxable profit differs from net profit, as reported in the statement of profit or loss, because it excludes items of income or expense that are taxable or deductible in other accounting periods and it further excludes items of income or expenses that are never taxable or deductible.

Deferred tax

Deferred tax is recognised using the liability method, providing for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at each balance sheet date.

Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill and deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and all available evidence is considered in evaluating the recoverability of these deferred tax assets.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities relating to taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Notes to the financial statements for the year ended 31 December 2024 (continued)**3. MATERIAL ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATION UNCERTAINTY (continued)****Leases**

The Company assesses at contract inception all arrangements to determine whether it is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee. The Company has elected to apply Paragraph 6 of IFRS 16 to short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets (such as tablets and personal computers, small items of office furniture and telephones). Lease payments associated with these leases are expensed over the relevant lease term.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The right-of-use asset is depreciated over the useful life of the asset.

The Company's right-of-use assets are included in property, plant and equipment (note 11).

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is generally not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Changes in accounting pronouncements

The Company has assessed the requirements of new accounting standards and other amendments and interpretations that apply for the first time in 2024, none of which have impacted the financial statements of the Company.

Accounting standards issued but not yet effective

New and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements, are not expected to have an impact on the financial statements of the Company when they become effective.

Critical accounting judgements and key sources of estimation uncertainty**Critical accounting judgements**

The following estimations that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements, are presented below. There are no critical accounting judgements applied at a Company level.

Notes to the financial statements for the year ended 31 December 2024 (continued)**3. MATERIAL ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATION UNCERTAINTY (continued)****Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Decommissioning provision estimates

Amounts used in recording a provision for decommissioning are estimates based on current legal and constructive requirements and current technology and price levels for the removal of facilities and plugging and abandoning of wells. Due to changes in relation to these items, the future actual cash outflows in relation to decommissioning are likely to differ in practice. To reflect the effects due to changes in legislation, requirements, technology and price levels, the carrying amounts of decommissioning provisions are reviewed on a regular basis. The effects of changes in estimates do not give rise to prior year adjustments and are dealt with prospectively.

While the Company uses its best estimates and judgement, actual results could differ from these estimates. Expected timing of expenditure can also change, for example in response to changes in laws and regulations or their interpretation, and/or due to changes in commodity prices. The payment dates are uncertain and depend on the production lives of the respective fields. Management does not expect any reasonable change in the expected timing of decommissioning to have a material effect on the decommissioning provisions, assuming cash flows remain unchanged. Decommissioning costs are expected to be incurred over the next 10 years. A nominal discount rate of 4.38% for the first five years and 4.86% thereafter (2023: between 4.50% and 4.70%) is used to discount the estimated costs. The inflation rate applied to discount the estimated costs is 2.0% (2023: 2.0%). Given the long-term nature of the decommissioning liabilities and the historic compounded inflation rates in the industry, management do not believe that the current short-term inflationary pressures will have a material impact on the decommissioning liabilities of the Company. A reduction or an increase in this discount rate of 1% would increase or reduce the decommissioning liabilities by approximately \$13.7 million or \$11.9 million respectively (2023: no comparative analysis performed). For further details regarding the estimated value, inputs and assumptions refer to note 17. Given the large number of variables involved, management consider that it is not practical to provide sensitivities for the various other individual assumptions.

Estimates in impairment of oil and gas assets and goodwill

Determination of whether the Company's oil and gas assets (note 11 and 12) have suffered any impairment requires an estimation of the recoverable amount of the CGU to which oil and gas assets and goodwill have been allocated. Projected future cash flows are used to determine a fair value less cost to sell to establish the recoverable amount. Key assumptions and estimates in the impairment models relate to: commodity prices that are based on internal view of forward curve prices that are considered to be a best estimate of what a market participant would use; discount rates which reflect management's estimate of a market participant post-tax weighted average cost of capital; and oil and gas reserves and resources on a risked basis as described below. Management's estimates of a market participant's view of pricing and discount rates are supported by an independent consultant.

The sensitivity of the Company's carrying amount to these assumptions is illustrated by the impairments and sensitivity disclosures in note 12. Sensitivity disclosures include, in particular, the impact of a 20% reduction in forecast revenues.

Other areas of estimation

The key assumptions concerning the future, and other sources of estimation uncertainty at the reporting period, but are not expected to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Estimates in oil and gas reserves and contingent resources

The Company's estimates of oil and gas reserves and contingent resources, and the associated production forecasts, are used in the impairment testing of property plant and equipment, in the measurement of depletion and decommissioning provisions and in the determination of whether deferred tax assets are recoverable. The business of the Company is to enhance hydrocarbon recovery and extend the useful lives of mature and underdeveloped assets and associated infrastructure in a profitable and responsible manner. Estimates of oil and gas reserves and contingent resources require critical judgement. Factors such as the availability of geological and engineering data, reservoir performance data, drilling of new wells and estimates of future oil and gas prices all impact on the determination of the Company's estimates of its oil and gas reserves which could result in different future production profiles affecting prospectively the discounted cash flows used in impairment testing.

The Company's estimates of reserves and resource volumes used for accounting purposes are built up from historically matched models for operated assets and principally from operators' estimates for non-operated assets. A review process is undertaken to compare the results of the Company's internal estimates to those of an independent consultant to understand any differences in underlying assumptions to ensure there is no material unreconciled differences between the estimates.

For the purposes of depletion and decommissioning estimates, the Company uses proved and probable reserves; and for the purposes of the impairment tests performed and deferred tax asset recoverability, the Company considers the same proved and probable reserves as well as risked resource volumes. These risking adjustments are reflective of management's assessment of technical and commercial factors that reflect the value considerations of a market participant. Changes in estimates of oil and gas reserves and resources resulting in different future production profiles will affect the discounted cash flows used in impairment testing, the anticipated date of decommissioning, the depletion charges in accordance with the unit of production method and the recoverability of deferred tax assets. The sensitivity of the Company's impairment tests and deferred tax recoverability assessments including reserves and resources is discussed in note 12 and note 21.

Tax estimates

The Company's operations are subject to a number of specific tax rules which apply to exploration, development and production. In addition, the tax provision is prepared before the relevant companies have filed their tax returns with the relevant tax authorities and, significantly, before these have been agreed. As a result of these factors, the tax provision process necessarily involves the use of a number of estimates and judgements including those required in calculating the effective tax rate. The Company recognises deferred tax assets on unused tax losses where it is probable that future taxable profits will be available for utilisation. This requires management to make judgements and assumptions regarding the likelihood of future taxable profits and the amount of deferred tax that can be recognised.

Notes to the financial statements for the year ended 31 December 2024 (continued)

4. REVENUE

	Note	2024 \$'000	2023 \$'000
Oil sales		115,273	37,314
Gas sales		311,336	364,720
NGL sales		7,685	6,709
Tariff income		3,789	3,527
Realised gain/(loss) on gas derivative contracts	23	841	(42,816)
		438,924	369,454

All revenue is generated in the United Kingdom.

The majority of payment terms were 7 to 10 days, as detailed in the initial contract. Otherwise, payment is due within 30 days of the invoice date. No significant judgements have been made in determining the timing of satisfaction of performance obligations, the transactions price and the amounts allocated to performance obligations. Other income relates to tariff income receivable in the year.

5. COST OF SALES

	Note	2024 \$'000	2023 \$'000
Operating costs		(94,733)	(61,388)
Movement in oil and gas inventory		85,814	(17,347)
Depletion, depreciation and amortisation	11	(181,957)	(88,070)
		(190,876)	(166,805)

6. ADMINISTRATIVE EXPENSES

	2024 \$'000	2023 \$'000
General & administrative	(7,774)	-
	(7,774)	-

(a) Directors' Remuneration

	2024 \$'000	2023 \$'000
Short term employee benefits	(25)	(532)
Other long-term benefits - post employment benefits	(3)	(36)
	(28)	(568)

Only one ex-Neptune director received remuneration for their services to the Company during the period, prior to the acquisition by Eni. Those who held the position of Director of the Company prior to the Business Combination Announcement with Ithaca Energy plc were employed and remunerated by their respective employing entities within the Eni Group.

Those who held the position of Director of the Company at year end are employees of Ithaca Energy plc and receive remuneration from Ithaca Energy plc. There were no significant services provided to the Company, therefore the Directors do not believe that it is practical to apportion this amount between their services as Directors of the Company and their services as Directors of Ithaca Energy plc for either the current or prior year.

(b) Employees

The average number of employees during each year was as follows:

	2024	2023
Onshore and administrative	173	184
Offshore	34	33
	207	217

The reduction in average employee numbers in 2024 reflects the full year impact of the Eni and Ithaca acquisitions and associated reorganisations that took place as a result.

	2024 \$'000	2023 \$'000
Wages and salaries	(32,817)	(26,942)
Pension costs	(4,173)	(3,385)
Social security costs	(2,508)	(2,467)
	(39,498)	(32,794)

(c) Services provided by the Company's Auditor

	2024 \$'000	2023 \$'000
Fees payable for the audit of the Company's financial statements	(358)	(202)

Notes to the financial statements for the year ended 31 December 2024 (continued)

7. FINANCE COSTS AND INCOME

Finance Costs	Note	2024 \$'000	Restated 2023 \$'000
Accretion	17	(5,418)	(3,982)
Intercompany interest		-	(1)
Interest on lease liabilities	19	(2,509)	-
Third party interest payable		(503)	(64)
Other		-	(1,405)
		(8,430)	(5,451)
Finance Income		\$'000	\$'000
Intercompany interest		7,048	5,104
Third party interest receivable		1,112	546
Other finance income		2,323	578
		10,482	6,228

8. INVENTORY

	2024 \$'000	2023 \$'000
Crude oil underlift	68,773	290
Materials inventory	3,039	21,092
	71,812	21,382

9. INVESTMENTS

	2024 \$'000	2023 \$'000
Cost	-	-
Impairment	-	-
	-	-

On 28 June 2024, the Company acquired the entire share capital of Ithaca (NE) UKCS Limited, formerly Eni Energy E&P UKCS Limited, from its former immediate parent Eni Energy Group Holdings Limited.

At 31 December 2024, the Company recorded no pre-tax impairment charge relating to the investment in its subsidiary undertaking. The carrying value of the investment was compared to the net assets of the Company's subsidiary.

At 31 December 2024, the Company's subsidiary undertaking was:

Subsidiary name	Direct/indirect	Nature of business	Interest %	Country of incorporation
Ithaca (NE) UKCS Limited	Direct	Oil and Gas Exploration, Production and Decommissioning	100%	UK

The registered office of Ithaca (NE) UKCS Limited is 1 Park Row, Leeds, England, LS1 5AB.

The Company is a wholly-owned subsidiary of Ithaca Energy plc and is included in its consolidated financial statements which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

10. EXPLORATION AND EVALUATION ASSETS

	Note	Exploration and evaluation assets \$'000
At 1 January 2024		2,074
Additions		394
Exploration and evaluation asset write-off	12	(1,906)
Currency translation		33
At 31 December 2024		595

Exploration write-off represents the write-off of Pegasus costs following confirmation that the licence application was not successful.

11. PROPERTY, PLANT AND EQUIPMENT

	Note	Development & Production Oil & Gas assets \$'000	Right of Use Assets \$'000	Office Equipment \$'000	Other fixed assets \$'000	Total \$'000
Cost						
As at 1 January 2024		957,451	92,619	3,397	2,613	1,056,080
Additions		103,053	7,135	0	-	110,188
Disposals		(293)	-	-	-	(293)
Revision to decommissioning estimate	17	2,786	-	-	-	2,786
Currency Translation		35,084	853	-	67	36,004
At 31 December 2024		1,098,081	100,607	3,397	2,680	1,204,765
DD&A & Impairment						
As at 1 January 2024		(332,849)	(67,229)	(3,397)	(305)	(403,780)
Charge for the year		(161,754)	(18,969)	-	(1,234)	(181,957)
At 31 December 2024		(494,603)	(86,198)	(3,397)	(1,539)	(585,737)
NBV at 31 December 2023		624,602	25,390	-	2,308	652,300
NBV at 31 December 2024		603,478	14,409	-	1,141	619,028

Additions to Development and Production (D&P) assets of \$103.1 million relate mainly to the ongoing drilling on Seagull in addition to routine capex spend on the Cygnus asset.

The \$7.1 million of right of use asset additions mainly relates to an extension to the Valaris drilling rig lease and an extension to the Cygnus helicopter lease.

The revision to the decommissioning estimate shown above differs from note 17 given certain assets have already ceased production and therefore any revision to decommissioning estimates are recorded directly in the Statement of Profit or Loss.

Notes to the financial statements for the year ended 31 December 2024 (continued)

12. IMPAIRMENT CHARGE

	Note	2024 \$'000	Restated 2023 \$'000
Decommissioning revisions on assets that have ceased production	17	(1,060)	-
Exploration write offs	10	(1,906)	(96,024)
Other		-	467
		(2,966)	(95,557)

The impairment charge in the statement of profit or loss of \$3.0 million mainly relates an exploration write offs of \$1.9 million and \$1.1 million in relation to decommissioning provision revisions relating to non-producing assets. Prior year exploration write offs included the write off of Isobella in December 2023.

For impairment of property, plant and equipment, fair value less costs of disposal are determined by discounting the post-tax cash flows expected to be generated from oil and gas production net of selling costs, taking into account assumptions that market participants would typically use in estimating fair values.

An annual impairment review of all oil and gas assets and goodwill was carried out in Q4 2024. The review was carried out on a fair value less cost of disposal basis using risk adjusted cash flow projections discounted at a post-tax nominal discount rate of 10.0% (2023: 10.3%) and represents level 3 in the fair value hierarchy.

The following assumptions were used at Q4 2024 in developing the Group cash flow model and applied over the expected life of the respective fields:

	Post -tax discount rate assumption	2025	2026	2027	2028	2029	2030	2031*
Oil	10.0%	\$75/bbl	\$74/bbl	\$77/bbl	\$79/bbl	\$80/bbl	\$82/bbl	\$83/bbl
Gas	10.0%	98p/therm	84p/therm	81p/therm	82p/therm	83p/therm	85p/therm	87p/therm

post 2031 an annual 2% increase is applied to the price assumption

With all other assumptions held constant a 20% decrease in forecast revenues, illustrating lower commodity prices, would result in an impairment of \$70.3 million to D&P assets.

A movement of 1% in the discount rate applied would not result in any impairment.

13. TRADE AND OTHER RECEIVABLES

	2024 \$'000	2023 \$'000
Current		
Trade debtors	6,498	56,232
Joint operation receivables	61,824	58,508
Accrued income	35,909	15,557
Amounts owing from intercompany	-	205,469
Other debtors	947	561
	105,178	336,327

The Company regularly monitors all customer receivable balances outstanding in excess of 90 days for ECLs. As at 31 December 2024, substantially all accounts receivable are current, being defined as due in less than 90 days. The Company has no allowance for expected credit losses as at 31 December 2024 (31 December 2023: \$nil).

	2024 \$'000	2023 \$'000
Non-current		
Net investment in sublease	1,579	2,863

The net investment in sublease non-current balance represents the balance to be received from joint operation partners in relation to the IFRS16 lease being held for the helicopter utilised on the Cygnus field, and the drilling rig, PSV and ERRV vessels utilised on the Seagull field.

14. AMOUNTS DUE FROM GROUP UNDERTAKINGS

	2024 \$'000	2023 \$'000
Debtors falling due after more than one year		
Amounts due from fellow group companies	43,183	-
	43,183	-

Management have completed an analysis which considers both historical and forward looking qualitative and quantitative information to determine whether the credit risk has significantly increased since the time any intercompany receivable was initially recognised. Credit risk is tracked via an external credit rating agency, and for its intercompany receivable, is rated at a default risk of 0.87% with an associated estimated loss given default of 40%. Having reviewed these factors combined with the credit profile of fellow group companies to assess the expected credit losses, the Company concluded that an expected credit loss provision of \$0.2 million was required (2023: nil).

During the year the Company recognised an impairment of \$26.0 million in relation to intercompany receivable balances deemed unrecoverable.

The amounts due from fellow group companies are unsecured, interest free and payable on demand, however there are currently no plans for the receivables to be called within 12 months.

Notes to the financial statements for the year ended 31 December 2024 (continued)

15. CREDITORS: Amounts falling due within one year

Note	2024 \$'000	2023 \$'000
Trade and other payables	-	(20,669)
Crude oil inventory overlift	-	(18,048)
Other payables	(5,083)	(4,126)
Taxes and social security creditors	-	(1,612)
Accruals and deferred income	(62,940)	(46,224)
Finance lease	(20,061)	(47,508)
	(88,084)	(138,187)

At 31 December 2024, the amounts owed to fellow group companies payable to fellow wholly owned subsidiaries of the Ithaca Energy PLC Group, and are unsecured, interest free and are repayable on demand.

At 31 December 2023, the amounts owned to Group undertakings were payable to fellow subsidiaries of the Eni Energy Group Limited, the Company's former ultimate parent company.

16. AMOUNTS DUE TO FELLOW GROUP COMPANIES

	2024 US\$'000	2023 US\$'000
Amounts due to group undertakings - general	(101)	(19)

Amounts due to group undertakings - general are repayable on demand, interest free and unsecured.

17. PROVISIONS

	Decommissioning \$'000	Other \$'000	Total \$'000
Balance, 31 December 2023 as previously reported	(99,722)	(3,680)	(103,402)
Restated	3,778	-	3,778
Balance, 1 January 2024, as restated	(95,944)	(3,680)	(99,624)
Accretion	(5,300)	(118)	(5,418)
Revision to estimates	(3,846)	(665)	(4,511)
Utilisation	-	2,466	2,466
Disposals	1,018	-	1,018
Currency Translation	(5,518)	(108)	(5,626)
Balance, 31 December	(109,590)	(2,105)	(111,695)

Current

Balance, beginning of period	-	(1,512)	(1,512)
Balance, end of period	(3,938)	(15)	(3,953)

Non-current

Balance, beginning of period	(95,944)	(2,168)	(98,112)
Balance, end of period	(105,652)	(2,090)	(107,742)

A net increase in decommissioning estimates in the year of \$3.8 million comprise upward revisions to estimates related to development and production assets of \$2.8 million (note 11), and \$1.0 million related to assets that have ceased production (which is recorded as an impairment charge in the profit and loss account).

The total future decommissioning liability represents the estimated cost to decommission, in situ or by removal, the Company's net ownership interest in all wells, infrastructure and facilities, based upon forecast timing in future periods. The Company uses a nominal risk free rate of 4.38% for the first five years and 4.86% thereafter (2023: between 4.50% and 4.70%) and an inflation rate of 2.0% (2023: 2.0%) over the varying lives of the assets to calculate the present value of the decommissioning liabilities. The impact of a change in discount rate is considered in note 3. These costs are expected to be incurred at various intervals over the next 10 years.

Revisions to estimates in the years ended 31 December 2024 and 2023 were due to changes in both cost estimates and discount rate assumptions.

The other provisions are comprised of a dilapidation provision for the Aberdeen Office \$1.8 million, and a long-term benefit obligation provision \$0.3 million.

18. OTHER LONG-TERM LIABILITIES

Note	2024 \$'000	2023 \$'000
Finance lease	(8,103)	(12,124)
Balance, end of year	(8,103)	(12,124)

Notes to the financial statements for the year ended 31 December 2024 (continued)

19. FINANCE LEASE LIABILITIES

At 1 January 2024	(59,632)
Additions	(19,781)
Other	417
Interest	(2,509)
Payments	52,031
Currency translation adjustments	1,310
At 31 December 2024	(29,474)
Total minimum lease payments	
Less than 1 year (note 15)	(20,061)
Between 1 and 5 years	(8,103)

The additions in the year to 31 December 2024 mainly relates to modifications of the Seagull rig, PSV and ERRV and Cygnus ERRV. The additions in the year to 31 December 2023 related to the Seagull rig, PSV and ERRV.

Amounts recognised in the profit and loss related to leases is detailed in note 7.

20. CALLED UP SHARE CAPITAL

Ordinary shares of £1 each

	No. of ordinary	Amount \$'000
Authorised share capital		
At 1 January 2024 and 31 December 2024	750,000,000	993,965
Issued, allotted and paid		
Balance 1 January 2024 and 31 December 2024	635,704,000	845,742

On 7 March 2025, a share capital reduction took place to reduce the share capital from 635,704,000 ordinary shares of £1 each to 100 ordinary shares of £1 each.

Notes to the financial statements for the year ended 31 December 2024 (continued)**21. TAX**

Tax expense included in profit or loss	2024	Restated
	\$'000	2023
		\$'000
<i>Current tax</i>		
Current period	83,312	5,344
Adjustments in respect of previous periods	1,970	-
<i>Deferred tax</i>		
Company tax in profit or loss	85,557	63,797
Adjustments in respect of previous periods	10,841	(35,202)
Total tax charge	181,680	33,939

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the effective rate of tax applicable for UK ring fence oil and gas activities as follows:

	2024	Restated
	\$'000	2023
		\$'000
Profit before tax	223,743	104,446
Profit at applicable UK tax rate of 40% (2023: 40%)	89,497	41,778
Non deductible expenses	8,802	193
Financing costs not allowed for SCT	-	6
Investment allowance	(22,363)	(5,760)
Prior Period Adjustment deferred tax	10,841	(35,202)
Prior Period Adjustment corporation tax and supplementary charge	1,970	-
Energy profit levy	77,246	35,184
Credit arising on non ring fence income/ income subject to tax at different rates	(374)	(933)
Impact of foreign exchange differences	18,450	-
Group relief	(2,679)	(1,328)
Gain/loss on disposal	290	-
Tax charge	181,680	33,938

The effective rate of tax applicable for UK ring fence oil and gas activities in 2024, was 40% (excluding the Energy Profits Levy) (2023: 40%, excluding energy profits levy) consisting of a Ring Fence Corporation Tax rate of 30% and supplementary charge rate of 10%. Items affecting the tax charge include tax rate differences on decommissioning losses carried back, non-tax deductible expenses and deferred tax from the Energy Profits Levy. The Energy Profits Levy was enacted on 14th July 2022 with effect from 26 May 2022, at a headline rate of 25% which increased the effective UK ring fence oil and gas tax rate to 65% until 2025. However further changes were announced on 17th November 2022 such that the Levy was increased to 35% from 1 January 2023 until 31 March 2028 increasing the effective UK ring fence oil and gas tax rate to 75% and resulting in an additional deferred tax charge in that period. During 2024, the EPL rate was increased from 1 November 2024 to 38%, increasing the effective UK ring fence oil and gas tax rate to 78%. A further announcement on 29th July 2024 confirmed the Government's intention to extend the EPL to 31 March 2030. The extension of the EPL period had not been substantively enacted at 31 December 2024 and therefore deferred EPL effect is not reflected in the results for the year ended 31 December 2024. If the extension of the EPL period had been enacted by the balance sheet date the impact would have been to increase the deferred EPL liability by \$36 million.

The gross movement on the deferred asset is as follows:		
	2024	Restated
	\$'000	2023
		\$'000
At 1 January	355,215	517,214
Other comprehensive income	15,045	(157,786)
Income statement charge	(85,557)	(63,797)
Prior period adjustment	(10,841)	35,202
Foreign Exchange	13,687	24,381
At 31 December	287,549	355,215

Notes to the financial statements for the year ended 31 December 2024 (continued)

21. TAX (continued)

Deferred tax

The provision for deferred tax consists of the following deferred tax (liabilities) assets.

Deferred tax recognised as at 31 December 2024 relates to the following:

	Accelerated Capital Allowances	Tax Losses	Investment Allowance	Decommissioning Provision	Hedging	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2024 restated	(296,366)	618,539	9,709	38,378	(15,045)	355,215
Prior period adjustment	(8,287)	(2,554)	-	-	-	(10,841)
Charge to profit or loss and other comprehensive income	(6,429)	(108,986)	22,363	7,495	15,045	(70,512)
Foreign exchange	15,723	-	-	(2,036)	-	13,687
At 31 December 2024	(295,359)	506,999	32,072	43,837	-	287,549

Deferred income tax assets are recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available in the future against which the unused tax losses / credits can be utilised.

22. COMMITMENTS

Capital commitments related to joint operations

	2024	2023
	\$'000	\$'000
Capital commitments incurred jointly with other venturers (Company's share)	63,556	44,765

The Company's capital expenditure is driven largely by full phase expenditure on existing producing fields. The key components of this relate to AFEs (authorisations for expenditure) signed for activities on Cygnus and Seagull drilling campaigns.

23. FINANCIAL INSTRUMENTS

To estimate the fair value of financial instruments, the Company uses quoted market prices when available, or industry accepted third-party models and valuation methodologies that utilise observable market data. In addition to market information, the Company incorporates transaction specific details that market participants would utilise in a fair value measurement, including the impact of non-performance risk. The Company characterises inputs used in determining fair value using a hierarchy that prioritises inputs depending on the degree to which they are observable. However, these fair value estimates may not necessarily be indicative of the amounts that could be realised or settled in a current market transaction. The three levels of the fair value hierarchy are as follows:

- Level 1 – inputs represent quoted prices in active markets for identical assets or liabilities (for example, exchange-traded commodity derivatives). Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly, as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, market interest rates, and volatility factors, which can be observed or corroborated in the marketplace. The Company obtains information from sources such as the New York Mercantile Exchange and independent price publications.
- Level 3 – inputs that are less observable, unavailable or where the observable data does not support the majority of the instrument's fair value.

In forming estimates, the Company utilises the most observable inputs available for valuation purposes. If a fair value measurement reflects inputs of different levels within the hierarchy, the measurement is categorised based upon the lowest level of input that is significant to the fair value measurement. The valuation of over-the-counter financial swaps and collars is based on similar transactions observable in active markets or industry standard models that primarily rely on market observable inputs. Substantially all of the assumptions for industry standard models are observable in active markets throughout the full term of the instrument. These are categorised as Level 2.

Notes to the financial statements for the year ended 31 December 2024 (continued)

23. FINANCIAL INSTRUMENTS (CONTINUED)

The following table presents the Company's material financial instruments measured at fair value for each hierarchy level as of 31 December 2024:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total Fair Value \$'000
Derivative financial instrument assets	-	-	-	-
Derivative financial instrument liabilities	-	-	-	-

The following table presents the Company's material financial instruments measured at fair value for each hierarchy level as of 31 December 2023:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total Fair Value \$'000
Derivative financial instrument assets	-	28,166	-	28,166
Derivative financial instrument liabilities	-	(8,432)	-	(8,432)

The table below presents the total loss on financial instruments that has been disclosed through the statement of income:

	2024 \$'000	2023 \$'000
Realised gain/(loss) on commodity hedges	841	(42,816)
Other derivative gains	19,095	-
Total gain on financial instruments	19,936	(42,816)

Cash flow hedge

The following table presents the movement in financial instruments that has been disclosed through the statement of comprehensive income relating to the cash flow hedge reserve:

	2024 \$'000	2023 \$'000
<i>Hedging Reserve</i>		
At 1 January	6,345	(46,250)
Cost of hedging deferred and recognised in OCI	(21,390)	210,379
Deferred tax	15,045	(157,784)
Cash flow hedge reserve at 31 December	-	6,345

Notes to the financial statements for the year ended 31 December 2024 (continued)**24. DERIVATIVE FINANCIAL INSTRUMENTS**

	2024	2023
	\$'000	\$'000
Maturity analysis of derivative financial instruments		
Non-current assets	-	6,068
Current assets	-	22,098
Non-current liabilities	-	(3,187)
Current liabilities	-	(5,245)
	-	19,734

Judgements and estimates applied in the valuation of derivative instruments can be found in note 3.

All derivative financial instruments that were held by the company were closed out on the completion of the Neptune / Eni transaction on 31 January 2024.

25. CAPITAL CONTRIBUTION

The capital contribution represents a one off payment made to the 'All Employee Award Scheme' by the Company's former immediate parent Eni Energy Group Holdings Limited in February 2024.

26. DIVIDENDS

	2024	2023
	\$'000	\$'000
Amounts recognised as distributions to equity holders in the year	(324,645)	-

Resolutions were passed on 13 June and 27 June 2024 to pay dividends of £250.0 million (\$305.5 million) and £15.0 million (\$19.1 million) respectively, to the Company's former immediate parent undertaking, Eni Energy Group Holdings Limited. The dividends were paid on 14 June 2024 and 28 June respectively 2024, representing £0.39 (\$0.48) and £0.02 (\$0.03) per share.

27. GAIN / (LOSS) ON TRANSFER OF OIL AND GAS ASSET

During the year, as part of intragroup asset restructuring pre-Ithaca transaction, the Company's share in the Sillimanite field was transferred to Eni UK Limited. The consideration for the sale was calculated based on the carrying book value as at September completion, therefore no gain or loss was recognised.

	\$'000
	Sillimanite
Consideration	(633)
Assets and liabilities transferred:	
Development and production oil & gas assets	223
Decommissioning asset	70
Decommissioning liabilities	(1,018)
Deferred tax liabilities	92
Net liabilities transferred	(633)
Gain / (loss) on transfer	0

28. PRIOR PERIOD RESTATEMENT**Prior period error**

The prior period comparatives have been restated to correct the Company's decommissioning liabilities in respect of an obligation on the Alder gas field that is payable by the Company's subsidiary, Ithaca (NE) UKCS Limited. The impact of the adjustment in the prior period is shown below:

	Previously reported	Prior year error	Restated
	\$'000	\$'000	31 December 2023
	\$'000	\$'000	\$'000
Impact on profit and loss account			
Impairments	(96,024)	467	(95,557)
Finance costs	(5,567)	116	(5,451)
Taxation	(33,707)	(232)	(33,939)
Profit for the financial year	70,156	351	70,507
	Previously reported	Prior year error	Restated
	\$'000	\$'000	31 December 2023
	\$'000	\$'000	\$'000
Impact on balance sheet			
Deferred tax asset	356,691	(1,476)	355,215
Trade and other receivables	336,327	(1,688)	334,639
Decommissioning liabilities non-current	(99,722)	3,778	(95,944)
Retained earnings	303,113	614	303,727

The \$3.8 million restatement of the non-current decommissioning liabilities relates to the removal of the Alder decommissioning liability, comprising \$3.0 million related to the 2023 opening balance, a revision to the Alder estimate made during 2023 of \$0.5 million and related accretion charges of \$0.1 million.

29. RELATED PARTY TRANSACTIONS

As the Company is a wholly owned subsidiary of Delek Group Ltd, it has taken advantage of the exception given by paragraph 8 of Financial Reporting Standard No 101 which allows exemption from disclosure of related party transactions with other group companies. The Company has also taken advantage of the exception given by paragraph 8 of Financial Reporting Standard No 101 which allows exemption from disclosure of compensation for key management personnel.

During the year, the Company did not enter into any other transactions, in the ordinary course of business, with related parties (2023: \$Nil).

30. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking at 31 December 2024 is Ithaca Energy PLC.

The ultimate parent undertaking is Delek Group Limited, an independent E&P company listed on the Tel Aviv Stock Exchange. Following the Eni UK business combination completed on 3 October 2024, Delek Group Limited remains the majority shareholder and ultimate parent undertaking.

At 31 December 2024, the smallest group for which consolidated financial statements are prepared which include Ithaca (NE) E&P Limited is that of Ithaca Energy plc. A copy of these financial statements can be obtained from 33 Cavendish Square, London W1G 0PP. The largest group for which consolidated financial statements are prepared is that of Delek Group Limited. A copy of these financial statements can be obtained from 19 Abba Eban Boulevard, POB 2054, Herzlia, 4612001, Israel.

Notes to the financial statements for the year ended 31 December 2024 (continued)**31. ASSETS PLEDGED AS SECURITY**

As a guarantor under the RBL facility, the obligations of the borrower under the RBL facility are secured by the assets of the guarantor members of the Group, such as security including share pledges, floating charges and/or debentures.

32. SUBSEQUENT EVENTS

On 20 January 2025, the issued share capital of the Company was transferred from Ithaca Energy PLC to Ithaca Energy (E&P) Limited, a company registered in Jersey, and on 28th March 2025, the issued share capital was then transferred from Ithaca Energy (E&P) Limited to Ithaca Energy (UK) Limited.

On 29 January 2025, the Group announced a reorganisation and streamlining of the organisational structure for onshore staff which completed on 1 July 2025, which had no significant impact on the Company.

On 7 March 2025, a share capital reduction took place to reduce the share capital from 635,704,000 ordinary shares of £1 each to 100 ordinary shares of £1 each.

On 1 October 2025, the Company completed the acquisition of an additional 46.25% stake in the Cygnus gas field from Spirit Energy, increasing Ithaca Energy's operated interest in Cygnus to 85%.