Siccar Point Energy Limited

Registered No. 9103084

Interim Financial Statements (unaudited)

30 June 2018

Contents

Business Overview

The first half of 2018 saw significant activity and milestones achieved for Siccar Point Energy Limited and its subsidiaries (the "group"):

- On 30 January the group issued its first bond, a $100 million, five year, senior unsecured bond paying a 9.0% p.a. fixed coupon. The bond is now listed in Oslo on the Nordic Alternative Bond Market.
- On 28 March our Cambo dilution process culminated in a signed deal with Shell UK. Shell acquired a 30% non-operated working interest in Cambo (P1028, P1189) and a 22.5% non-operated working interest in Blackrock (P1830) in exchange for drilling carry contributions to the 2018 Cambo appraisal well and 2019 Blackrock exploration well and also a development carry contribution to post well Cambo development costs. The transaction closed on 1 May 2018.
- On 2 May the group announced the spudding of the Cambo appraisal well (SPE 70%). Drilling operations are ongoing as at the date of these accounts. To date the well has been cored, fluid samples and pressures taken with all data in line or better than pre-drill expectations.
- On 23 May the group announced that it had been successful in its application for acreage in the UK 30th Offshore Licence Round. Acreage to the south of the Cambo area was awarded jointly to Siccar Point Energy (SPE) and Shell with SPE operating. The new acreage includes the Tornado discovery (>c300bcf gross) and creates further opportunities for the SPE / Shell partnership to build out the Greater Cambo Area.
- The Equinor operated Mariner development (SPE 8.89%) continued to progress towards first production at the end of 2018. At 30 June 2018 the project was 95% complete.

At 30 June 2018 the group had 38 full and part-time employees.

Production
Average daily reported production in H1 2018 was 10,809 boepd (H1 2017: 1,128 boepd).

Outlook
The second half of 2018 will be a further period of important activity for the group:
- Conclusion of drilling operations on the group's operated Cambo appraisal well.
- Planned drilling of the group's operated Lyon exploration well.
- Ongoing work at the Mariner development project with first production currently forecast for late 2018.
- Ongoing work at the Chevron operated Rosebank development (SPE 20%) towards a final investment decision to be made in H1 2019.
- Preparation for a potential final investment decision on Cambo in H1 2019.
- Preparation for the planned drilling of the group's operated Blackrock exploration well (SPE 52.5%) in 2019.

With cash at 30 June 2018 of $156 million and undrawn, available debt of $76 million the group is very well financed for the period ahead.

Doug Fleming
Chief Financial Officer
21 August 2018

Group statement of comprehensive income

	Note	*Unaudited Six months to 30 June 2018 US $'000*	*Unaudited Six months to 30 June 2017 US $'000*
Revenue	2	114,424	6,474
Operating income		(7,359)	2,357
Cost of sales		(72,728)	(8,728)
Gross profit		34,337	103
Administrative expenses		(6,499)	(17,391)
Operating profit/(loss)	3	27,838	(17,288)
Gain on business combination		-	636,107
Finance income		1,765	4,482
Finance expense		(77,704)	(33,112)
(Loss)/profit before tax		(48,101)	590,189
Taxation		-	308
(Loss)/profit for the period		(48,101)	590,497

Group statement of financial position

	Note	Unaudited 30 June 2018 US $'000	Audited 31 December 2017 US $'000
Non-current assets			
Intangible assets		287,397	266,787
Property, plant and equipment		1,483,652	1,476,016
Deferred tax asset		279,318	279,318
Long term financial asset		109,023	110,689
Total Non-current assets		2,159,390	2,132,810
Current assets			
Inventories		3,695	5,046
Debtors: Amounts falling due within one year		55,955	93,019
Cash and cash equivalents		156,431	67,861
Total current assets		216,081	165,926
Total assets		2,375,471	2,298,736
Current liabilities			
Creditors: Amounts falling due within one year		(109,760)	(79,548)
Net current assets		106,321	86,378
Non-current liabilities			
Interest bearing loans	4	(621,000)	(546,000)
Deferred tax liability		(14,969)	(14,969)
Long term financial liability		(122,153)	(102,470)
Provisions		(154,719)	(154,778)
Total liabilities		(1,022,601)	(897,765)
Net assets		1,352,870	1,400,971
Equity			
Share capital		692,607	692,607
Retained profit		660,263	708,364
Total equity		1,352,870	1,400,971

Group statement of changes in equity (unaudited)

	Share capital	Retained profit/ (loss)	Total equity
	US $'000	*US $'000*	*US $'000*
At 1 January 2018	692,607	708,364	1,400,971
Total comprehensive loss for the period	-	(48,101)	(48,101)
At 30 June 2018	692,607	660,263	1,352,870
At 1 January 2017	216,807	41,209	258,016
Share capital issued	475,800	-	475,800
Total comprehensive income for the period	-	590,497	590,497
At 30 June 2017	692,607	631,706	1,324,313

Group cash flow statement

	Unaudited Six months to 30 June 2018 US $'000	*Unaudited Six months to 30 June 2017 US $'000*
Net cash generated from operating activities		
(Loss)/profit before tax from continuing operations	(48,101)	590,189
Adjustments to reconcile profit before tax to net cash flows:		
Finance costs (third party loan interest)	18,282	11,350
DD&A - producing assets	58,926	3,105
Gain on business combination	-	(636,107)
Derivative financial instruments	57,319	-
Depreciation of computer and office equipment	-	22
Unrealised FX gain	(709)	(2,023)
Working capital adjustments:		
Decrease in inventories	1,351	-
Decrease/(increase) in trade and other receivables	30,207	(96,328)
(Decrease) in trade and other creditors	(3,302)	(29,835)
Income tax receipts	-	308
Net cash flows from/(used in) operating activities	113,973	(159,319)
Investing activities:		
Purchase of computer equipment	-	(40)
Expenditure on development and production assets	(66,561)	(61,536)
Expenditure on exploration and evaluation assets	(20,610)	(499)
Acquisition of OMV U.K. Ltd (net of acquired cash $9,333k)	-	(863,330)
Net cash flows used in investing activities	(87,171)	(925,405)

Group cash flow statement (continued)

	Unaudited Six months to 30 June 2018 US $'000	*Unaudited Six months to 30 June 2017 US $'000*
Financing activities:		
Equity injection	-	13,251
Proceeds from borrowing – parent company	-	462,548
Proceeds from borrowing – third party	100,000	526,000
Repayment of loan – third party	(25,000)	-
Interest paid on long term loan	(13,816)	-
Net cash flows from financing activities	61,184	1,001,799
Cash and cash equivalents at 1 January	67,861	132,657
Unrealised FX	584	1,196
Net increase/(decrease) in cash and cash equivalents	87,986	(82,925)
Cash and cash equivalents at 30 June	**156,431**	**50,928**

Selected notes to the interim financial statements(continued)

1. Accounting policies

Basis of preparation

These unaudited Condensed Group Interim Financial Statements ("Interim Statements") have been prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board and as adopted by the European Union and on the basis of the same accounting principles as applied in the annual group financial statements for the year ended 31 December 2017.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual statements and should be read in conjunction with the Group's annual financial statements as of December 31, 2017.

The Directors consider it appropriate to continue to adopt the going concern basis of accounting in preparing these Interim Statements.

The financial information presented in the Interim Statements does not constitute statutory accounts within the meaning of section 434(3) of the Companies Act 2006 ("the Act"). An unqualified audit opinion was expressed for the year ended 31 December 2017, as delivered to the Registrar of Companies for England and Wales.

The Interim statements for the six months ended 30 June 2018 are unaudited and an external review by an auditor was not performed.In the opinion of the directors the financial information for this period fairly presents the financial position, results of operations and cash flows for the period in compliance with IFRS.

The Group has adopted IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers from January 1, 2018 but do not have a material impact on the group's financial statements.

2. Revenue

	Unaudited Six months to 30 June 2018 US $'000	*Unaudited Six months to 30 June 2017 US $'000*
Oil sales	107,166	3,073
Gas sales	6,492	2,528
NGL sales	766	652
Tariff and other income	-	221
	114,424	6,474

3. Operating profit/(loss)

This is stated after charging:

	Unaudited Six months to 30 June 2018 US $'000	*Unaudited Six months to 30 June 2017 US $'000*
Depreciation	57,115	3,105

Selected notes to the interim financial statements(continued)

4. Borrowings

	Unaudited 30 June 2018 US $'000	Audited 31 December 2017 US $'000
Third party loan	521,000	546,000
Bonds	100,000	-
	621,000	546,000

The third-party loan relates to a bank loan with a syndicate of banks. It is a RBL facility of US$600 million with US$521 million currently drawn. Accrued interest as at 30 June 2018 is US$6.5 million (2017: US$5.8 million).

On 31 January 2018, the group completed a bond issue with the closing of US$100 million, 5 year, (9.0% p.a.) senior unsecured bond. The bond was listed on Nordic ABM, a marketplace regulated by Oslo Børs, on 5 April 2018. Interest is paid half yearly, accrued interest as at 30 June 2018 is US$3.8 million (2017: nil).