

JERSEY OIL&GAS

Annual Report

for the year ended 31 December 2020



Greater Buchan Area Momentum

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The front cover shows an image of Skellig Michael, an island off the south west coast of Ireland made up of fluvial and aeolian Old Red Sandstone; It is a contemporary geological analogue for what is now the Buchan oil field reservoir, which was also uplifted and exposed as an island for 30 to 40 million years during the Lower Cretaceous period.

Jersey Oil and Gas (“JOG”) is a UK, independent, North Sea focused, upstream oil and gas company, delivering on a strategy of focused growth as part of the energy transition.

Over the past three years the Company has aggregated a 100% owned and operated, significant resource base in the heart of the Central North Sea and has progressed development plans with an aim to ultimately deliver a significant, low carbon, phased, oil hub development named the Greater Buchan Area Development Project (GBA).

Scale

- 172 MMboe of 2C Resources
- 220 MMboe of high-graded exploration potential net to JOG
- Further upside from third party tie-back potential

Low Risk

- 36 years of production history in core asset
- Conventional platform development
- Modern 3D Seismic dataset covering the GBA
- Multiple export routes for both oil and gas
- Regional collaboration ongoing

Value

- Core development assets have an NPV (Post tax) of US\$1.1bn^[1]
- Project lifetime undiscounted pre-tax cash flows forecast to be in excess of US\$6bn¹
- Significant further value potential from high-graded GBA exploration portfolio
- Strong focus on a low carbon power from shore development concept

Quality

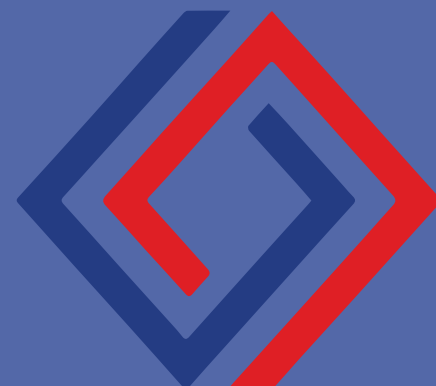
- Strong governance and leadership
- Empowered and agile decision making
- Shareholder value focused
- Disciplined approach to capital
- Leading Project Team with a wealth of industry experience

[1] Economics derived from JOG's financial model built for Concept Select and therefore represent management estimates.

The estimates assume an oil price of US\$65/bbl, gas price of 46.2p/therm with both prices and costs escalated at 2%. NPV discounted at 10%



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2020 HIGHLIGHTS

Corporate

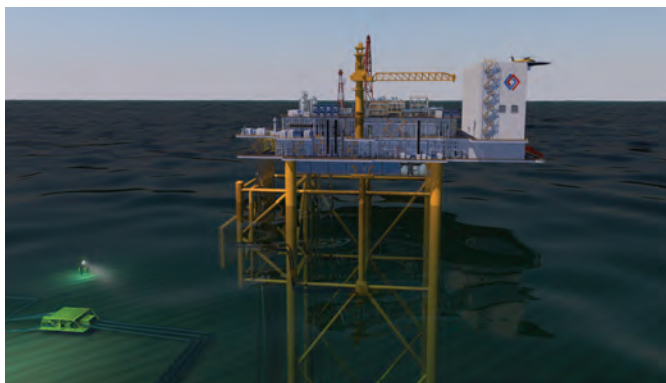
Strategic focus

- Asset acquisition
 - 70% WI and Operatorship in P2170 from Equinor
- Corporate Acquisition
 - Cieco V&C [12% WI in P2170 and tax losses]
- Licensing Round Award
 - 32nd Round – Part-Block 20/5e [within the GBA acreage]

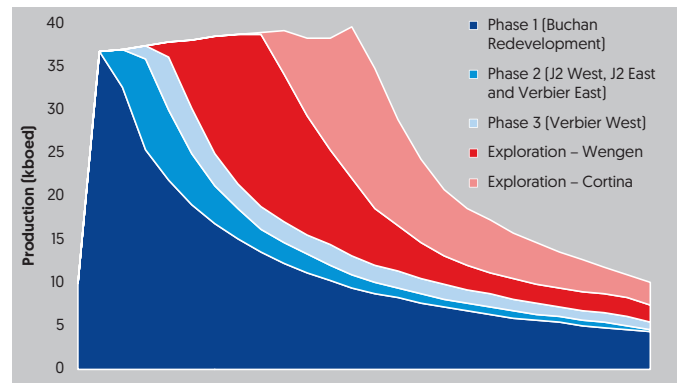
Project

Building Momentum

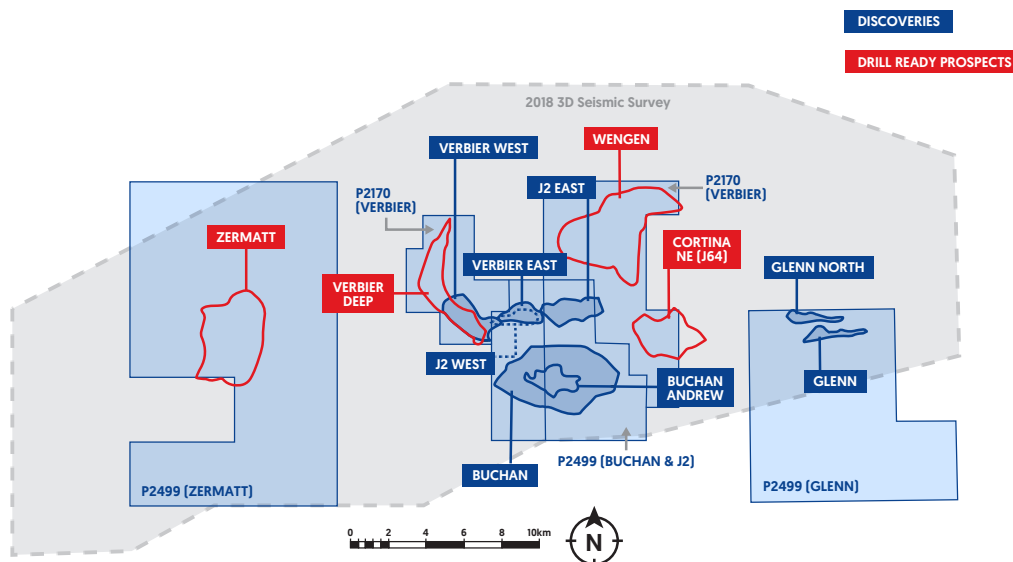
- Formed highly capable Project Team
- De-risked and defined 172 MMboe of 2C Resources
- Concept Select has delivered a detailed low-carbon development concept with highly attractive economics



3D visualisation of the Buchan platform



Greater Buchan Area forecast production



The Greater Buchan Area

CHAIRMAN'S STATEMENT



Another exceptional year for Jersey Oil and Gas. The GBA has reached Concept Select, demonstrating a highly attractive, large scale North Sea development. With a partnering process initiated, we look forward to another exciting year.”

Marcus Stanton

Non-Executive Chairman

Core GBA Resources

172 MMboe*

[2019: 124 MMboe]

+39%

High Graded, Drill-Ready Exploration Prospects

220 MMboe*

Prolific GBA

5 Discovered Fields
8 Exploration Prospects
4 Operated Licences

Overview

During 2020 Jersey Oil and Gas [“JOG”] worked tirelessly to de-risk the development of its North Sea licence interests, thereby setting the foundations for a very strong performance in the first quarter of 2021.

A large part of our 2020 efforts were spent advancing the Concept Select phase of our 100% owned and operated Greater Buchan Area [the “GBA Development Project”], details of which were announced in Q1 2021. This demonstrated an economically robust development plan through to first oil in late 2025 made up of pre-tax cash flows of US\$6.4 billion, an NPV of US\$1.7 billion and an internal rate of return in excess of 25%. These estimated economics included a low carbon approach to the development of the GBA, by way of an electrified platform supplied with electricity from shore. This has the potential to be a first for the United Kingdom sector of the North Sea and one we are proud to advance.

Another important part of our work undertaken in 2020, and announced in Q1 2021, was an extensive review of our Buchan contingent resources, based on extensive dynamic reservoir modelling of the Buchan field. This modelling was based on all available subsurface information which we successfully history matched to production data going back 36 years. This modelling, which was independently peer reviewed, demonstrated a significant uplift in our

earlier contingent resource estimates. The resulting volumes for the Buchan Oil field and the J2 and Verbier oil discoveries [which we refer to as the GBA core volumes], are now forecast to be 162 million stock tank barrels [“MMstb”] or 172 million of barrels of oil equivalent [“MMboe”] including associated gas [which excludes 18 MMboe of discovered resources from the 100% owned Buchan Andrew and Glenn discoveries].

We were also pleased to announce the results of a comprehensive subsurface evaluation of our prospective resources, P2170 [“Verbier Deep”], P2498 [“Wengen”] and “Cortina NE”, and P2497 [“Zermatt”]. Each of these prospects can be regarded as drill ready and able to be tied back to the GBA hub development in the event of a discovery. This evaluation, which was also subject to a peer review process, resulted in combined prospective P50 resource volumes of approximately 220 MMboe. With these prospects in close proximity to the planned GBA hub, minimum economic volumes are at or below the P90 volumes calculated by JOG.

The year began with JOG acquiring an additional 70% interest in Licence P2170 [“Verbier”] from Equinor UK Limited which was followed later in the year by the announcement of the acquisition of a further 12% interest from Cieco V&C [UK] Limited, which completed in Q2 2021, thereby resulting in JOG owning 100% of this licence which includes the Verbier

* See pages 14/15 for details.

oil discovery, some 6km from the Buchan oil field.

Business Environment

Following the Covid-19 outbreak in the first quarter of 2020, the Brent Crude oil price fell to levels of around US\$20 per barrel. Since that time, the oil price has recovered to its pre-Covid-19 levels and at the time of this statement is trading at approximately US\$65 per barrel. We continue to plan for first oil from the GBA development to be in late 2025, with many market commentators anticipating long term oil prices of US\$60 and above. Such levels are substantially above our current estimates for the lifecycle costs for our GBA project, being approximately in US\$30 per barrel.

Shortly after the Covid-19 outbreak we temporarily closed our London and Jersey offices and put in place systems under which the Board and employees of the Company could work remotely. We also took steps to ensure that our staff maintained social contact with each other through various remote activities. I am pleased to report that this worked well and, indeed, we increased the number of employees working for the Company over the course of the year.

Environmental, Social and Corporate Governance

We fully support the UK Government’s commitment to net zero emissions by 2050 together with the various policy initiatives being introduced by the Oil and Gas Authority (“OGA”), in particular the revised “OGA Strategy” announced in Q1 2021, which sets out a range of net zero obligations on the oil and gas industry.

We adopt an active approach to environmental, social and corporate governance issues in all that we do, ranging from the environment in which our employees work through to the effect of our North Sea development activities. As part of this process, JOG is planning to limit its Scope 1 CO₂ emissions by powering the GBA platform with electrical power emissions through either a direct electricity supply from shore, or participation in an industry wide collaboration to electrify certain areas of the central North Sea. This will

avoid the requirement to install platform based gas turbines, with a consequent, and substantial, reduction in related CO₂ emissions. We are working closely with the OGA on this, who are fully supportive of this approach.

A full statement on JOG’s approach to Environmental, Social and Corporate Governance matters appears later in this Annual Report, as does a Corporate Governance Report.

People

During 2020, we hired additional staff in order to progress the development of the GBA. These talented industry professionals bring many skills to JOG ranging from experience of developing other similar sized North Sea fields through to expertise in health, safety, environmental and social responsibility matters. We welcome all of these individuals to the Company.

As we progress beyond the Concept Select phase of the GBA development, in Q1 2021, and begin work on the Front End Engineering Design of the project, the number of additional staff required will increase.

During 2020 we were also pleased to announce the appointment of Dr Chris Haynes, OBE, as an adviser to the Board. Chris has extensive experience in the oil and gas industry and is providing very helpful strategic guidance and oversight to our many work programmes.

In April 2021 we were also pleased to announce the appointment of Les Thomas to the Board as a Non-Executive Director. Les has over 35 years’ experience in the oil and gas industry and his wealth of experience, particularly in the North Sea, will be of significant value as we progress the development of Greater Buchan Area.

Also in 2021, Frank Moxon was appointed as the Senior Independent Director of JOG, which is an increasingly important role as we grow the Company.

Outlook

JOG has successfully progressed and further de-risked the development of the GBA during 2020. With increased ownership of acreage within the GBA via two acquisitions, a successful

licence round award, the completion of the Concept Select phase and the significant uplift in our estimates of our GBA resources, we view the GBA development as one of the most exciting developments in the North Sea and one with the potential to deliver significant value to shareholders.

There are substantial costs to be incurred in taking the GBA development through to first oil, which will require additional funding. However we are confident that this project, by virtue of its size, location and low carbon, electrically powered credentials, will be of interest to many industry participants. We formally launched a farm out process in Q1 2021 in addition to raising approximately £16.6m [gross] of new equity capital, which will enable us to maintain our plans for first oil in 2025 and provide the Company with financial flexibility as we negotiate with prospective farm in partners. We look forward to updating shareholders as this process proceeds.

On behalf of the Board, I would like to thank all of our employees, both old and new, for the continuing hard work that is being put into the development of the GBA, particularly as we have all had to adapt to working remotely.

As always, I also would also thank our shareholders for their continuing support and welcome our new shareholders into this exciting and low carbon project.



Marcus Stanton
Non-Executive Chairman
5 May 2021

CHIEF EXECUTIVE OFFICER'S REPORT



Our GBA project will be a major new area hub development that has scale and upside potential, highly attractive economics and industry leading low carbon emissions utilising platform electrification as our preferred development concept.”

Andrew Benitz

Chief Executive Officer

Core GBA Development

c. \$6.4bn

Pre-tax free cash flow

Project Value*

US\$1.7bn

Pre-tax NPV(10%)

Project Payback

< 3 Years

Overview

2020 has been an important year of consolidation for the planned development of the Company's Greater Buchan Area (GBA). Having matured our understanding of the subsurface we have now selected our preferred development concept - a low carbon, fully electrified fixed platform located over the Buchan oil field. In parallel, the Company has positioned itself with operatorship and complete ownership of the GBA acreage putting JOG in an advantageous position ahead of the Company's much anticipated farm-out process which was launched in March 2021 in order to attract an industry partner to join us in unlocking the considerable value that exists within the GBA.

Subsurface

The subsurface evaluation undertaken with the benefit of the recently acquired PGS 3D broadband seismic data has resulted in the validation and furthering of our understanding of the existing discovered and prospective resource potential.

The Buchan static model was built by Rockflow Resources Ltd (Rockflow) and as part of their deliverables, P90, P50 and P10 static models were provided to Schlumberger UK Oilfield Plc (Schlumberger) in order to undertake history matching with the 36 years of historic Buchan production data. The history matched models were then used to generate production forecasts based on subsurface development plans

reflecting different producer and water injection well counts. The subsurface development plans used for these production forecasts, combined with economic modelling, provide the basis for the final concept selection.

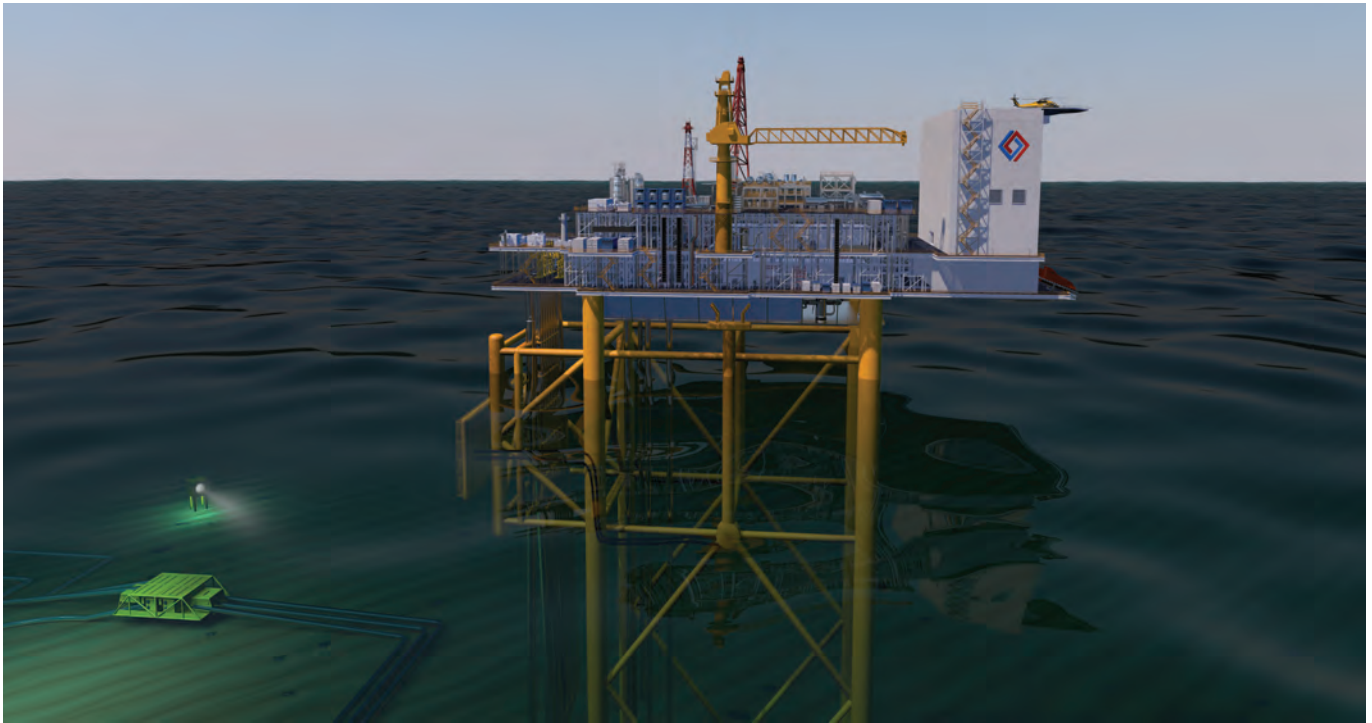
The initial core development will comprise Buchan, J2 (now recognised as being structurally separated into J2 West and J2 East) and Verbier (now recognised as being structurally separated into Verbier West and Verbier East) with a combined 2C resource of 172 million barrels of oil equivalent ("MMboe"). This includes a significant increase in our 2C contingent resource estimate for the Buchan oil field to 132 MMboe.

Evaluation of the prospective resource potential has not only validated existing prospectivity but identified a volumetrically material new prospect in Wengen. Of the prospective resource inventory, four of the identified prospects have been matured to drill-ready status: Verbier Deep, Wengen, Cortina NE (J64) and Zermatt with a combined prospective resource in excess of 200 MMboe.

An assessment has been performed to determine the optimum drilling sequence of these various exploration prospects, resulting in the following sequence [subject to funding].

- Wengen – Q2 2023
- Cortina NE – Q2 2023

Analysis shows that in a P50 resource success case, each exploration prospect



offers a highly economic tie-back opportunity to the GBA development. A successful outcome at either of the Wengen or Cortina prospects has been shown to offer the potential to extend the GBA Development Project's plateau production period into the mid- to late-2030s with enhanced economics.

Summary of Concept Select Findings

Delivering Concept Select has been a comprehensive work effort led by our project team requiring over 14,000 JOG hours and 18,000 contractor hours. In early 2020, JOG completed an Appraise Phase assessment of the various development options for the GBA. This option screening phase concluded that development of the GBA's resources via a fixed production platform located at the Buchan field, offered the optimum solution when considering environmental factors, safety issues, technical feasibility, execution risk, schedule, capital and operating costs, project economics, availability and operability.

Subsequently, the Company has progressed this development option through the Concept Select Phase, with work commencing in April 2020. The objective of this Select Phase was to deliver a single, economically acceptable concept to develop the GBA in order to take the project forward into the Define Phase.

The selected concept for the GBA Development is planned to be executed in three Phases. Phase 1 will deliver a single integrated wellhead, production, utilities and quarters (WPUQ) platform located at the Buchan oil field. The facility will be normally manned. The Buchan wells will be drilled utilising a heavy-duty jack-up (HDJU) rig located over a 12 slot well bay. The Phase 1 facilities will be designed to accommodate Phase 2 and Phase 3 of the development. Phase 2 will develop the J2 West, J2 East and Verbier East oil discoveries via a subsea tie-back to the GBA platform. Phase 3 will develop the Verbier West oil discovery via connection to the Phase 2 subsea infrastructure. Production from the reservoir will be supported by injection of both produced water and seawater and enhanced by the use of electric submersible pumps (ESP). Field life is anticipated to be 31 years.

The Buchan location benefits from proximity to existing export infrastructure for both oil and gas. Selection of the final oil and gas export routes will be subject to a detailed commercial dialogue through formal requests for service issued in February 2021. It is scheduled that this work will be completed to inform FEED (Front End Engineering and Design), currently planned to take place later this year.

GBA's Compelling Economics¹

Our Concept Select findings have yielded some encouraging economic estimates. Our management estimates show the GBA to be a significantly cash generative asset, with the first full year of production expected to generate US\$840 million in EBITDA. Expected pre tax free cash flow for the core discovered volumes is estimated to be in excess of US\$6 billion and this has the potential to double on the back of near field exploration success.

Cost estimates for each phase have been prepared in accordance with the detailed work break down structures for Phase 1, 2 and 3. CAPEX costs for Phase 1 are estimated to be approximately £1 billion. Operating costs during plateau production are estimated at US\$8/boe to US\$9/boe, with a payback period estimated at under 3 years. Plateau production is estimated for more than 3 years. Total project costs based on current day values are estimated to be approximately US\$30/boe. Power from Shore is our preferred development concept, and our economics are based off this assumption.

Electrification

In line with the UK Government's net zero strategy and policies, JOG recognises the need for a low carbon power solution and has an aspiration to deliver production from the GBA Development Project at an industry-leading carbon intensity level. Accordingly, options have been assessed that offer the opportunity to eliminate carbon dioxide emissions

¹ Economics derived from JOG's financial model built for Concept Select and therefore represent management estimates.

The estimates assume an oil price of US\$65/bbl, gas price of 46.2p/therm with both prices and costs escalated at 2%.

CHIEF EXECUTIVE OFFICER'S REPORT

associated with power generation on the planned production facility. Economics have been run based on the provision of power from the UK national grid via the installation of a subsea cable to shore.

The provision of power from shore offers the opportunity to reduce CAPEX and OPEX due to the removal of certain utility systems and a resulting lower maintenance burden although such reductions are offset by the cost of the grid connection and subsea cable and the in-service purchase price of electricity.

A "Net Zero" solution for the GBA Development Project is economically attractive, despite a 'Green Premium' compared to the conventional case utilising gas turbines.

Overall carbon emissions from the GBA with platform electrification are estimated to be less than 1kg/boe. This compares to estimated carbon emissions from the GBA development using gas turbines of 13kg/boe, which is less than the UKCS average of approximately 20kg/boe.

The forecast economic outturn for the power from shore case relative to the conventional gas turbine case is based on current UK Government carbon tax forecasts up to 2030 and the cost of sourcing power from the UK. Based on these assumptions, the "Green Premium" results in a project NPV reduction of approximately 8%.

The GBA is optimally located in the heart of the UK Central North Sea such that there is credible potential for JOG to be an enabler for regional electrification. Collaboration with other regional operators could reduce overall capital costs associated with the cable infrastructure. Additionally, early stage engagement with infrastructure funds has indicated that there is potential interest in financing the capital costs in return for future tariff payments. The Company continues to progress studies that may lead to electrification costs reducing in line with conventional power solutions.

Regional hub potential

Collaborative studies conducted in parallel with the GBA Concept Select Phase, have identified the potential for significant synergies with neighbouring, third-party discovered resources. The production of such resources through the GBA facility offers the potential for both parties to realise reductions in development costs and OPEX costs offering the potential to increase incremental recovery of oil from the GBA and neighbouring discoveries.

Schedule

JOG's detailed planning and schedule for delivering first is currently targeting late Q3 2025. Key milestones in achieving this first oil date include:

- Concept Select Report finalised - Q1 2021

- Commit to FEED - Q3 2021
- Field investment decision (FID) - Q3 2022
- First oil - Q3 2025

Licensing activity

During the year JOG acquired operatorship of, and increased its equity in, Licence P2170 to 100% having acquired 70% from Equinor UK Ltd in April 2021 and more recently, acquired the remaining 12% through the corporate acquisition of CIECO V&C [UK] Limited. Details relating to the acquisitions can be found in note 19 of the Consolidated Financial Statements.

In September 2020, JOG was awarded a 100% working interest in, and operatorship of, part-block 20/5e in the Oil & Gas Authority's ["OGA's"] 32nd Offshore Licensing Round. Part-block 20/5e has been incorporated into our existing Licence P2498 and is located within the GBA development acreage and contains an extension of the J2 oil discovery.

These acquisitions serve to increase JOG's discovered resources, add material value and increase our exposure to additional exploration potential.

Effective 30 November, JOG made a discretionary partial relinquishment of P2170, retaining the prospective areas and realising a significant saving in licence fees.



Environmental, Social and Corporate Governance (“ESG”) Considerations

It is the Company’s ambition to be a market differentiator in emissions accountability and management. To ensure meaningful carbon commitments, JOG has been working with ITP Energised, a leading environmental consultancy, to set specific targets based on a quantifiable baseline. The defined action plan is to be underpinned by our Carbon Policy. This Policy communicates the Company’s emissions intensity targets and reporting boundaries looking forward.

Furthermore, JOG has undertaken analysis of the requirements of the Taskforce for Climate-Related Financial Disclosures (TCFD) and plans to report its disclosures in line with the recommendations of the TCFD from 2021.

As a proud signatory of the UN Global Compact, JOG continues to align itself with the philosophy of the Compact’s Ten Principles in the areas of Human Rights, Labour, Environment and Anti-Corruption. Details of JOG’s actions to integrate the Global Compact and its Principle’s into the Company’s strategy, culture and daily operations are outlined in our inaugural Sustainability report included within this annual report.

Acquisition Strategy

2020 saw oil prices hit recent unexpected lows and the shock of supply conflicts, demand slump as a result of the Covid-19 pandemic and diminished investor sentiment challenged our industry to its limit. Nevertheless, despite global economic havoc, demand for oil, on an annual basis fell by approximately only 6%. Oil prices have recovered following news of a Covid-19 vaccine during November 2020. This recovery has led to a re-emergence of deal activity across the North Sea, with the announcement of several transactions in the early weeks of 2021. As we have approached completion of our Concept Select phase for the GBA Development Project, JOG’s priority has been focused on its core asset base and the launch of the farm-out process.

As mentioned above, JOG announced two acquisitions during 2020, successfully increasing its working interest in Licence P2170 from 18% to full control and a 100% working interest. The acquisition of Equinor UK Limited’s 70% working interest was an asset acquisition, with certain future milestone contingent and royalty

payments. The acquisition of CIECO V&C (UK) Ltd. which was completed in Q2 2021 was a corporate acquisition, which included CIECO’s 12% working interest in Licence P2170 and approximately £15 million of tax losses. Consideration comprised a modest upfront payment and certain future milestone contingent payments. JOG remains active in its pursuit of accretive acquisition opportunities and we have seen a significant uplift in deal activity across the North Sea during 2021.

Financial Review

JOG’s cash position was approximately £5.1 million as of 31 December 2020. As an oil and gas exploration and development company, JOG generated no production revenue during the year. We received a small amount of interest on our cash deposits.

The loss for the year, before and after tax, was £2.8 million [2019 Year End: £2.1 million]. Our main expenditure during the year related to the Concept Select work on our GBA project.

Post year end, we were pleased to announce an oversubscribed equity placing and a directors’ subscription in addition to an offer for subscription for existing shareholders, raising gross proceeds of approximately £16.6 million. The net proceeds from the fundraising, together with the Company’s existing cash reserves, will be used to strengthen the Company’s balance sheet ahead of anticipated commercial negotiations for the GBA development project during the farm-out process and to maintain momentum and ensure that time and funding pressures do not interfere in the efficient delivery of the overall project. Costs for the next stages of the GBA development project will include surveys, license fees, pre-FEED and FEED work and project management.

Summary and outlook

JOG is delivering on a strategy of focused growth having successfully aggregated a significant portfolio of discovered resources in the GBA, together with significant exploration upside. We have assembled an industry leading, multidisciplinary team of specialists who have delivered a significant upgrade in discovered and prospective resources and selected the optimum development concept.

Having completed our Concept Select work, we will be submitting for approval

to the OGA a report summarising the Company’s findings by 31st July 2021, in compliance with JOG’s commitment under the P2498 licence. Work continues apace with respect to the issuance of tenders for marine surveys to support the Environmental Statement required for the Field Development Plan. Tendering processes for the provision of FEED engineering services is also underway. JOG is currently working towards being ready to enter the FEED phase of the GBA project in Q3 2021, with FID [Final Investment Decision] currently anticipated for late H2 2022.

With the Concept Select Report finalised, JOG has now launched its farm-out process to seek to secure an industry partner for the GBA Development Project. JOG’s Board anticipates that this will be well received by the industry as an exciting investment opportunity, in light of its scale, economics and low carbon production approach.

Oil prices have recovered strongly from the lows witnessed during 2020. JOG expects a significant supply crunch from global under investment in upstream projects, which can be expected to lead to further oil price increases favourably timed for our development.

I would like to express my thanks to all our team and everyone involved in our GBA project, who have worked tirelessly throughout the Covid-19 pandemic to ensure ongoing progress. The GBA Development Project will be a major investment for the UK, create many jobs and ultimately produce a vital domestically sourced and low CO₂ supply of energy. Our shareholder support is continually appreciated, and it is only through their investment that we can achieve our plans.



Andrew Benitz
Chief Executive Officer

5 May 2021

STRATEGIC REPORT





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Overview

Strategic Report

Our Governance

Our Financials

STRATEGIC REPORT



Business Review and Future Activities

The principal activity of the Company is that of an upstream oil and gas business in the United Kingdom. The Company is a public limited company incorporated in England and Wales (company number 07503957) and is quoted in London on the AIM market of the London Stock Exchange (“AIM”) under the designation JOG. The Company is required by the Companies Act 2006 to set out in this report a review of the business of the Group during the year ended 31 December 2020 and the position of the Group at the end of the year, as well as the principal risks and uncertainties facing the Group. The information that fulfils these requirements, including discussion of the business and future developments, is set out in the Chief Executive Officer’s Report, the Chairman’s Statement and the Strategic Report.

The Greater Buchan Area (GBA): the four licences that make up JOG’s interest in the GBA and form our Core Area include Licence P2498 (the Buchan Blocks), Licence P2170, which includes the Verbier discovery and significant upside potential from 4 drill- ready prospects, Licence P2497 (Zermatt) and Licence P2499 (Glenn) representing the Company’s very significant resource base.

During the year the Company maintained its focus on its Core Area Strategy, with intense focus on the delivery of Concept Select for the GBA. Closely integrated into the focus on the core GBA area has been the pursuit and execution of both an asset and corporate acquisition to deliver JOG 100% ownership of the GBA. This strategic approach of attention to the Concept Select together with the acquisitions of the residual third-party interests in P2170 from Equinor and Cieco are aimed at ultimately delivering strong shareholder returns. In October 2020

we published a technical presentation on the Buchan Field and in December 2020 further information was provided on the exploration upside including details of four drill ready prospects, including Wengen, Verbier Deep, Cortina and Zermatt, with a combined recoverable resource potential in excess of 200 MMboe.

Highlights of 2020

Corporate

Strategic focus – Delivered 100% control across all of the GBA

- Asset acquisition – 70% WI and Operatorship in P2170 from Equinor;
- Corporate Acquisition – Cieco V&C (12% WI in P2170 and tax losses); and
- Licensing Round Award – 32nd Round – Part-Block 20/5e (within the GBA acreage).

Project

Building Momentum

- Formed highly capable Project Team;
- De-risked and defined 172 MMboe of 2C Resources; and
- Concept Select has delivered a detailed low-carbon development concept with highly attractive economics.

Post Year End Developments

Announced key concept select findings

Uplift in Contingent Resources estimates for the core GBA to **172 MMboe**

Selected Concept of a **3 Phase**, low- carbon, conventional platform development

Launch of the farm-out process

Launched farm-out process
Seeking an aligned partner to join the project and provide material funding

Placing and subscription

Concluded a Placing and Offer for Subscription
Oversubscribed and raised **£16.6 million** strengthening our balance sheet
Strong institutional support

Completion of CIECO V&C acquisition

Concluded acquisition of Cieco V&C with a **12%** WI in P2170 and associated tax losses of c. £15m

Final acquisition of 2020 delivered **100%** working interests across ALL of our licence interests in the GBA

STRATEGIC REPORT

Business Strategy

The Company has re-focused its two-pronged approach to its strategy during the year. The main focus has been a core area strategy, on the area surrounding our principal assets, UK licences P2170, P2497, P2498 and P2499 (collectively known as the Greater Buchan Area -GBA) to create and increase value in the licences and surrounding areas through the concept select phase of the GBA development. The second strategic focus has been the pursuit and execution of asset acquisitions in the UK North Sea area. Both approaches are aimed to deliver strong shareholder returns. The strategic focus for the coming period is to continue building momentum in the GBA development, at the same time as seeking an aligned industry partner.

The Greater Buchan Area:

We have concentrated our efforts on consolidating our position in the GBA and this approach has resulted in a strengthening of our asset base in

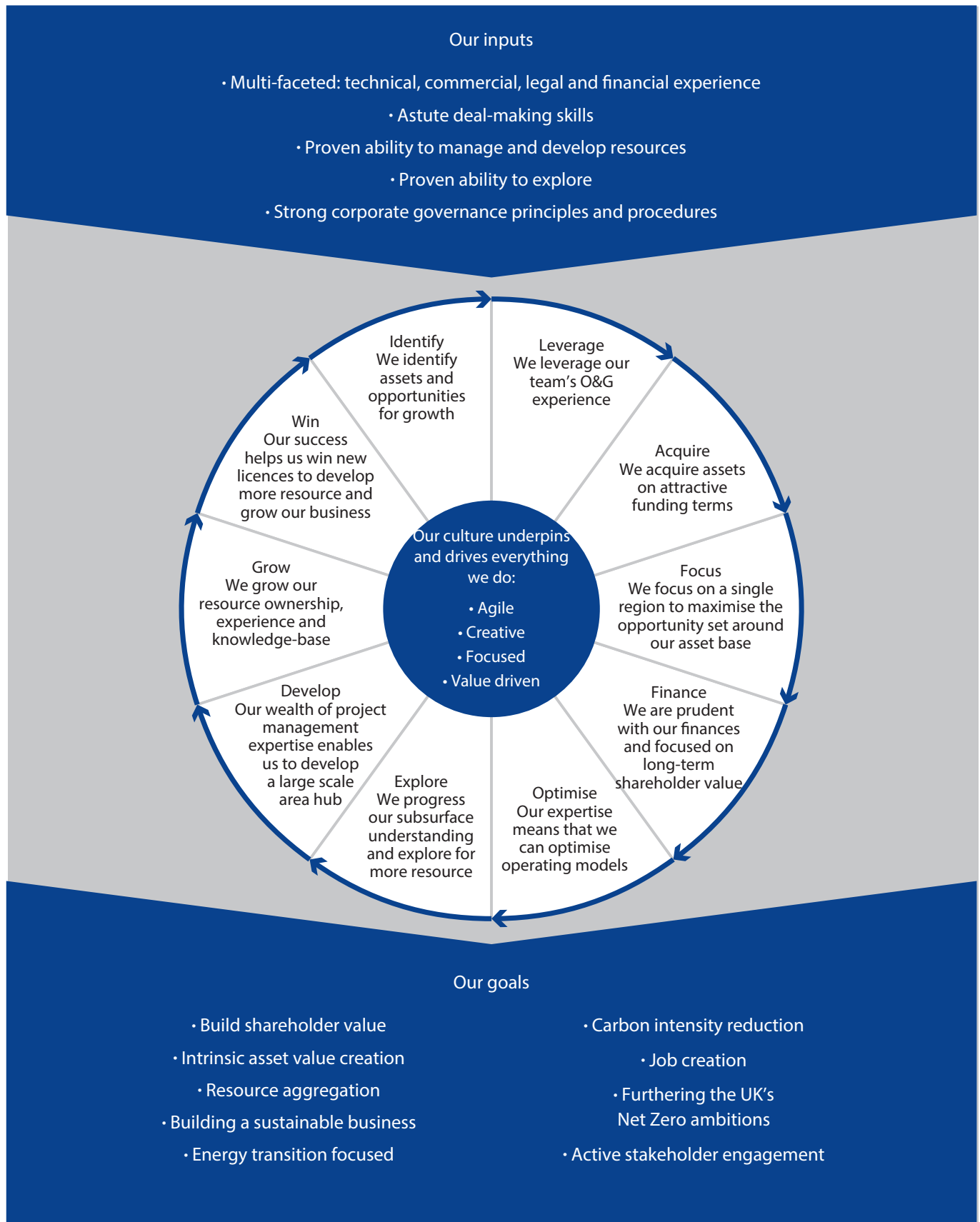
the P2170 Licence area, in which we now hold 100% interest, through the timely acquisition of the interests of Equinor and Cieco. We now hold an excellent portfolio of assets including development and exploration opportunities in a core area of interest.

UK North Sea Growth Through Acquisitions:

Since JOG's inception, there has been a clear additional focus on acquisition opportunities. Through participation in over fifty different processes, JOG has evaluated a significant number of business opportunities. The Company's process begins with a technical evaluation. Subject to a positive technical assessment of the merits of the opportunity, it is then assessed commercially. The Company's approach is to ensure there is a balance in the risk / reward outlook of an opportunity and, as such, many of the opportunities assessed have not passed our combination

of technical and/or commercial evaluations. For those opportunities that have progressed, most were within competitive processes. We have maintained our discipline relative to our technical and commercial assessments, including our in-house views of the macro environment (commodity prices, FX risk and other macro considerations pertaining to the UK North Sea). While this prudent approach resulted in our being outbid on a number of opportunities, this discipline has ensured that we have not bought production at prices subsequently likely to be proved uncommercial. We intend to continue to maintain a watching brief on potential acquisitions but our main focus is the GBA.

Strategic objective: to build a sustainable North Sea focused upstream energy company



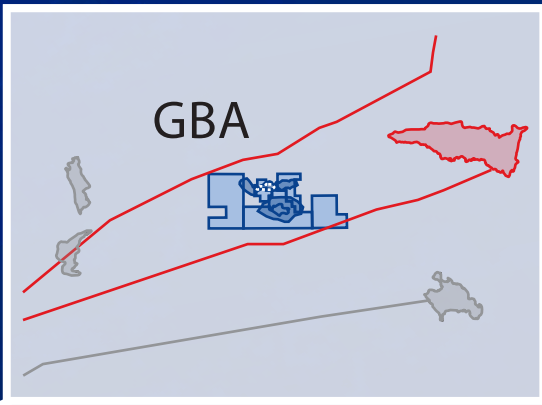
OUR ASSETS



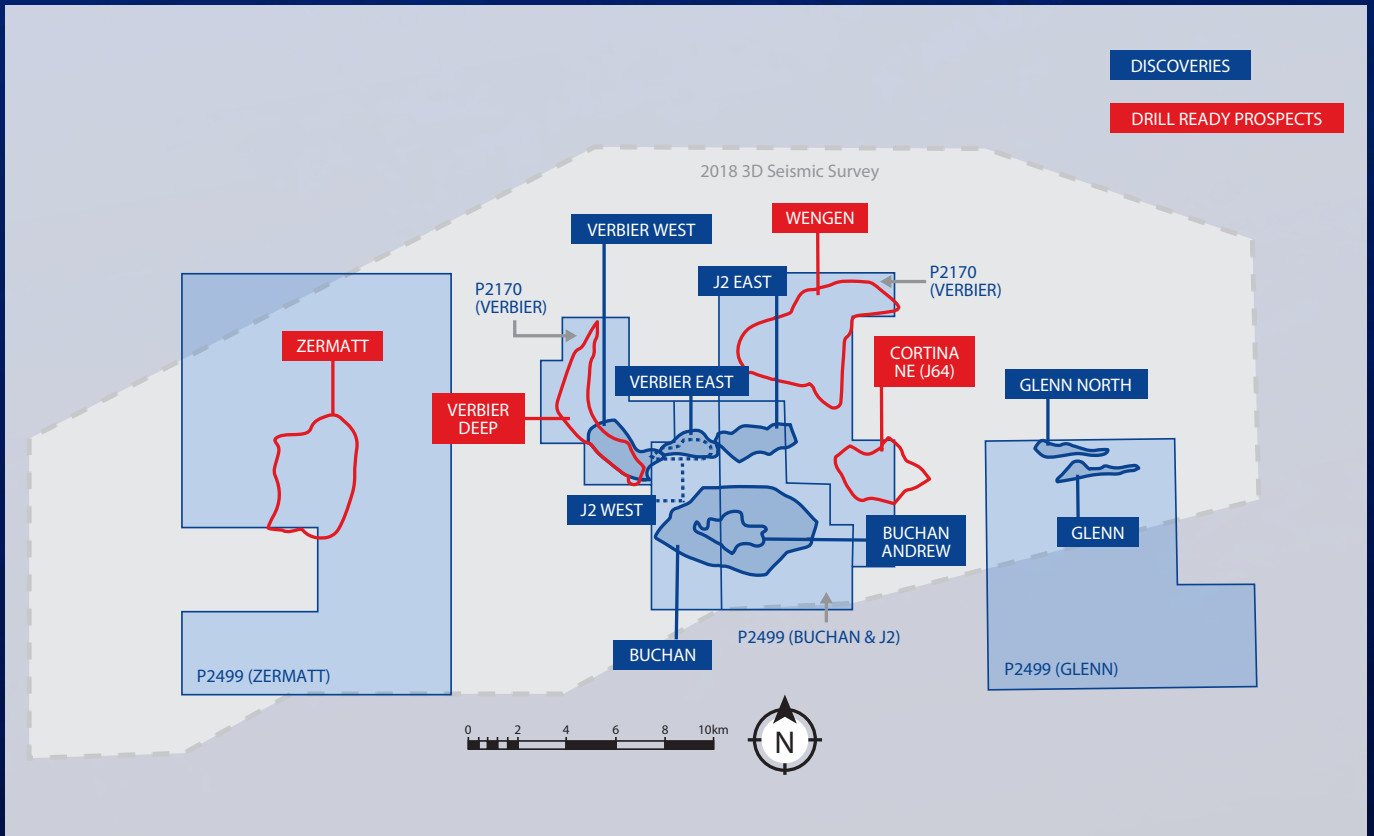
ABERDEEN

The chronology of JOG

- Reversed into Trap Oil Group in 2015
- Farmed out P2170 (Verbier) in 2016
- Drilled Verbier discovery in 2017
- Identified / pursued Buchan opportunity late 2017
- Pre-funded PGS 3D broadband, high quality seismic acquisition in 2018
- Successful GBA awards (31SLR) in 2019
- Assembled experienced Project team from 2019
- Undertook extensive subsurface evaluation 2019-2021 leading to selective acreage relinquishment
- Acquired operatorship and significant additional equity in P2170 (Verbier) in 2020
- Acquired remaining interest in Verbier in late 2020
- Concept selection finalised in early 2021
- GBA sales process launched March 2021
- FEED entry planned Q3 2021
- FID planned H2 2022
- First oil planned 2025



THE GREATER BUCHAN AREA



Buchan
132 mmboe
 100% W.I

J2
13 mmboe
 100% W.I

Verbier
26 mmboe
 100% W.I

**Glenn/
 Buchan
 Andrew**
18 mmboe
 100% W.I

Exploration
220 mmboe
 100% W.I

CONCEPT SELECT

The lead-up to the recently announced farm-out/sales process to secure a suitable industry partner has seen a period of intense activity with two inter-related workstreams working in parallel to deliver a robust and de-risked Concept Select Report; the subsurface studies to determine the resources attributable to Buchan, Verbier and J2 and the selection of the facilities required to produce the forecast resources in the optimal manner, taking into account UK regulations, operability, deliverability and the economics.

The subsurface studies, to understand the geology, reservoir characteristics and performance forecasts were performed in two parts. Initially a full field static model for the Buchan field was constructed using the 2018 PGS high resolution, broadband 3D seismic survey together with the wealth of field data acquired during the drilling of the original historic wells. This was then dynamically modelled for history matching in order to robustly match the production of oil, gas and water over the 36 year prolific field life and to forecast field performance and potential recovery rates for various field development scenarios. The main objective of the history matching was to achieve a reasonable agreement between the simulated and observed historical field/well behaviour to establish a satisfactory quality reservoir management tool.

Dynamic modelling is a robust process for forecasting production that incorporates areal and vertical distribution of non-uniform rock properties, coupled with rock-fluid properties to determine

production rates, pressures, fluid compositions and saturations.

The dynamic simulation work was carried out in INTERSECT [Schlumberger's high resolution reservoir simulation software] to achieve history matches for the P50 and P90 models.

These history matched models were then used to evaluate various field development scenarios incorporating the following options: well types, well locations, number of producers, number of injectors, artificial lift options and pressure support.

The results from these different field development scenarios were then selected for optimising well counts and locations for producers and water injectors, to produce potential development plans.

The Select phase sought to evaluate the short-listed options from the Appraise phase with refinements to arrive at a single concept for progression into FEED.

The concept selection phase of the development identified and considered a wide range of options of every aspect of how to optimally produce and evacuate the oil and gas from the GBA.

Concept selection criteria were defined by JOG prior to the commencement of the conceptual study. The concept selection criteria were used to identify the optimal option for the GBA Development. The rigorous and iterative selection process had the following selection criteria:

All concepts should meet all UK regulatory requirements. Economic

metrics such as IRR, NPV etc. were extensively evaluated taking into account the first oil date, CAPEX, OPEX, availability and ABEX. Project deliverability to determine the level of confidence of delivering the concept on time and on budget. Field operability – to provide assurance that the proposed technology is well understood and that it will be operable throughout the field life and finally concepts were evaluated to ensure capacities to deal with any remaining subsurface uncertainties.

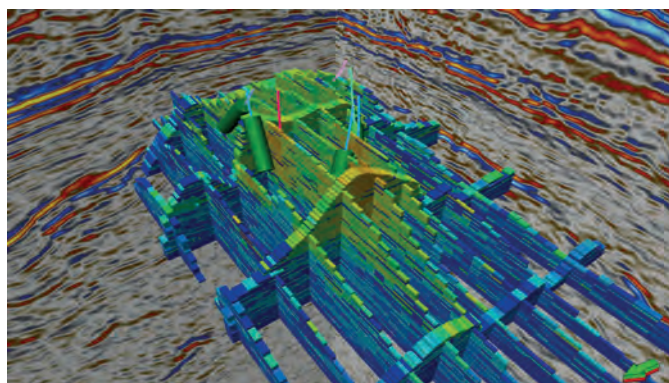
The resulting recommended concept for the GBA Development, which is being taken forward to the next phase of development, being Front End Engineering and Design (FEED) is planned to be executed in three Phases.

Phase 1 will deliver a single integrated wellhead, production, utilities and quarters platform located at the Buchan field. Production from the reservoirs will be supported by injection of both produced water and seawater. The facility will normally be manned. Buchan wells will be drilled utilising a heavy-duty jack-up rig. Field life is anticipated to be 25 years. The Phase 1 facilities will be designed to accommodate Phase 2 and Phase 3 of the Development.

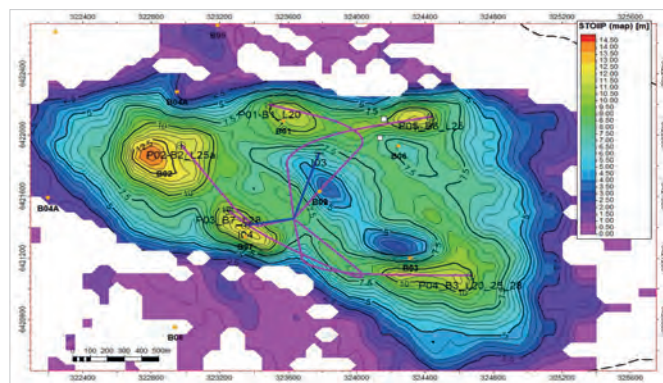
Phase 2 will develop the J2 West, J2 East and Verbier East discoveries via a subsea tie-back to the GBA Platform.

Phase 3 will develop the Verbier West discovery via connection to the Phase 2 subsea infrastructure.

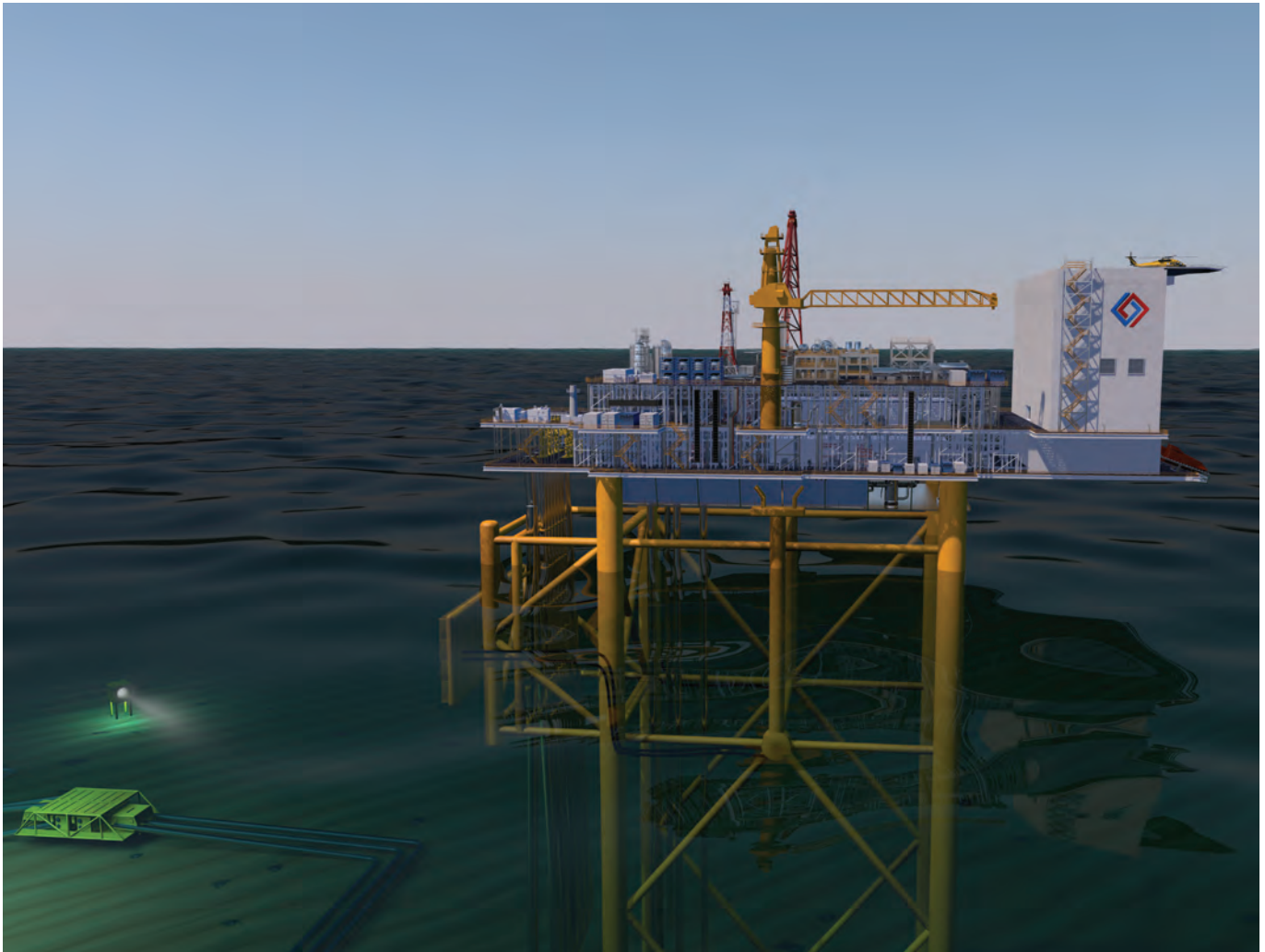
The Buchan location benefits from close proximity to existing export infrastructure



Buchan reservoir grid on 3D seismic



Buchan remaining oil

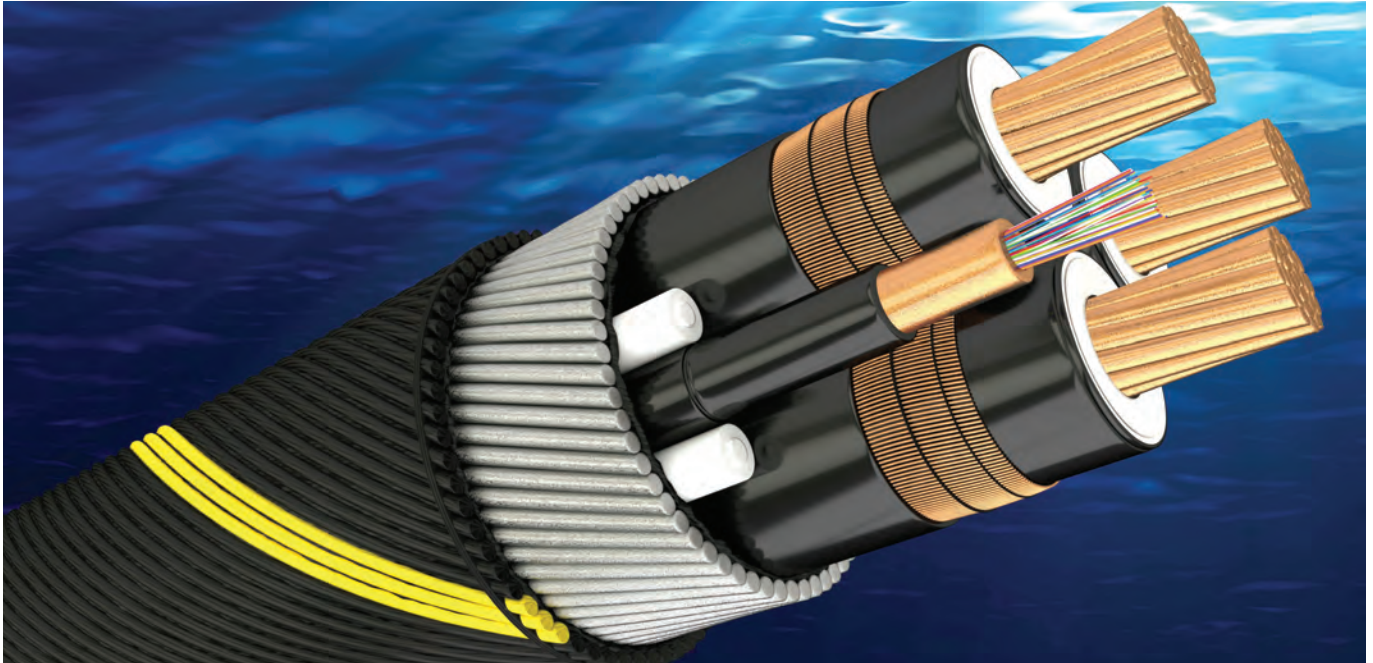


for both oil and gas. Engagement with operators of these pipeline systems has confirmed entry specification requirements and tie-in locations and commercial negotiations will be initiated to determine the optimal export routes, technically and commercially. Selection of the final oil and gas export routes will be subject to a detailed economic and risk assessment of the pipeline operators' responses to the request for service. It is intended that this scope will be completed prior to the commencement of FEED engineering.

Work has also been conducted on two key production aspects namely; identification of the optimum type of artificial lift for production wells and the methodology for management of downhole scaling. In the former case the use of electrical submersible pumps (ESPs) are shown to deliver a greater production rate and thus greater recoverable volumes over the same period when compared to gas lifted wells. The reduction in required gas plant size compared to the gas lift case means ESPs offer a reduction in facilities CAPEX. ESPs are shown to increase annual

OPEX, with less impact than the benefits of increased production and reduced CAPEX. ESPs are thus shown to be the preferred method of artificial lift for Buchan the wells.

CONCEPT SELECT



Electrification

JOG recognises the need, and has an aspiration, to deliver production from the GBA Development at an industry-leading carbon intensity level. Accordingly, options have been assessed that offer the opportunity to eliminate carbon dioxide emissions associated with power generation.

Studies have determined that the most technically feasible solution is to provide power from the UK national grid via the installation of a subsea cable to shore.

The provision of power from shore offers the opportunity to remove some rotating equipment from the offshore facilities along with supporting utilities. This provides the opportunity for both a CAPEX reduction for the topsides facilities and an associated OPEX reduction due to the lower maintenance burden. Removal of the need to utilise associated gas as fuel also increases gas export revenues. These CAPEX and OPEX reductions are however offset by the cost of the grid connection and subsea cable and the in-service purchase price of electricity.

The UK Government has expressed a desire to see the UKCS electrify, and in response the industry has lobbied the Regulator to examine opportunities for power cost reductions. Current UK legislation offers potential electricity

cost reductions through the removal of levies for energy intensive industries, i.e. industries where energy usage makes up a significant part of production costs. Currently the offshore oil and gas sector is excluded from these available levy reductions. Should the Government choose to include the offshore oil and gas sector within the designated list of energy intensive industries, it would be theoretically possible to see a reduction in the price of power, which would result in an improvement in the value of the project.

Regional Hub Potential

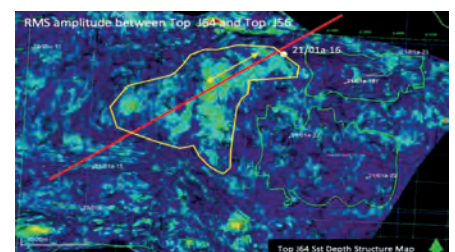
A study was conducted on the potential for the GBA to be used as a regional hub during the appraise study, conducted in parallel to the GBA Select phase. This study identified that significant potential synergy may exist with any nearby third-party discoveries, which have not been sanctioned for production. The GBA could act as a hub for the tie-back of such currently 'stranded' resources through either a cost share model or tariff model. It has been demonstrated that collaboration would result in CAPEX reductions with subsequent OPEX reduction. A reduction in OPEX offers the potential to increase incremental oil recovery from the GBA resources.

Future Exploration Upside

The GBA includes several drill-ready exploration prospects, namely; Wengen, Cortina, Verbier Deep and Zermatt. An assessment has been performed to determine the optimum drilling sequence of the prospective resources, with the following exploration well dates recommended:

Wengen – Q2 2023
Cortina NE – Q2 2023

Analysis shows that in a P50 resource success case, each exploration prospect offers an economic tie-back opportunity to the GBA Development. A successful outcome at either Wengen or Cortina has been shown to offer the potential to extend the GBA Development plateau production period into the mid to late 2030.



Wengen prospect outline & amplitude

FINANCIAL REVIEW



“ Post our capital raise of £16.6m in April 2021, we are now very well placed to maintain the progress on the GBA development project, while we conduct a sales process to procure further material funding and bring in an aligned partner to progress to FID and on to first oil.”

Vicary Gibbs
Chief Financial Officer

Cash Resources and Short-Term Investments

JOG's cash position was £5.1m as of 31 December 2020. Post period end we raised, in aggregate, a further £16.6m gross via a placing, subscription and offer for subscription that concluded in April 2021. Accordingly, our cash comfortably funds the Company through its currently contracted work programme. We have launched a sales process to sell a proportion of our equity in the Greater Buchan Area licences. We look forward to concluding a transaction during Q3 2021 and based on current estimates our cash, absent a timely result from the sales process, is more than sufficient to fund us through to at least the end of 2022. This affords us ample time for realising significant proceeds from a sales process to secure funds to progress the project work through FEED, to submission of a Field Development Plan and thereafter to progress the project through to first oil and beyond.

Debt

JOG currently has no debt.

Consolidated Statement of Comprehensive Income

The Group had no trading revenues in 2020 and unlike prior years, received no other material income. Cost of Sales includes expenditure on software licences associated with our project activities. In December 2020 the Company reached a settlement with TGS pursuant to an agreement entered into on 9 February 2018 resulting in a one off payment of £637,028 recognised as Other gains/(losses).

Administrative Expenses

2020 saw increases in the Group's cost base as we continued to build our project team and expand the size and capabilities of the Company commensurate with the requirements of operatorship of the GBA development project. However, given the majority of the increases related to the GBA Project, much of these increases are capitalised. The Group continues to remain lean and cost efficient, which leads to us having annual administrative expenses of approximately £2.1m [2019: £2.2m]. This is a modest decrease on the prior year despite the growth of the business and reflects ongoing rigorous cost control and a reduction in costs associated with travel arising from the pandemic restrictions.

KPIs

The Group's Key Performance Indicators ("KPIs") are split into three groups. Firstly, our financial KPIs, which relate to cash and administration and operating expenditure, secondly, our operational KPIs which relates to progress on our key asset (the GBA), and thirdly our other non-financial KPIs which relate to HSSE and ESG matters. Given the nature of our business, it is critical that we monitor and manage very carefully our cash and maintain financial flexibility to recapitalise the balance sheet as and when required, whilst at all times being able to honour our commitments and progress our business in the interest of shareholders. On a similar note, our administration and operating expenditure needs to be kept within budget and within a range that is appropriate to the size and operations of the Group. Operationally it is important to maintain progress on

the GBA development and managing the schedule, particularly in respect of important stage gates, is key to this. HSSE and ESG KPIs are paramount, due to the importance we place on the protection of the environment, the safety of our employees and on providing strong governance to manage and run our business effectively.

Annual General Meeting

The Annual General Meeting will be held on 2nd June 2021. In light of restrictions in place arising from the Covid-19 outbreak that prevent physical meetings of a certain size taking place we, in accordance with current best practice, will look to hold a shortened AGM followed by a form of Company presentation to be posted on our website. Further details will be provided in the Notice of Meeting.

Outlook

The Directors consider that the Group remains appropriately capitalised for its current asset base. It is well managed, with an efficient, effective and scalable cost base, and remains well placed to pursue our current stated strategy.

On behalf of the Board

Vicary Gibbs
Chief Financial Officer

OUR STAKEHOLDERS

s172 Companies Act 2006

- **Stakeholders**
- **ESG**
- **UN Global Compact**

For JOG, engaging with our stakeholders is an integral part of how we operate as a business – actively seeking to understand what really matters to our stakeholders and ensuring that we take this into account in our decision-making, both at strategic and operational levels. This engagement enables us to continue to build a leading, mid-tier upstream Oil & Gas company, through maintaining a motivated workforce, dependable supply chains, close relationships with Government Regulators, while providing good returns for our shareholders and a positive social impact in our local communities. We set out below our key stakeholder groups and how we engage with them.

Further information on how stakeholder considerations are taken into account by the Board in their decision-making, in accordance with s172 of the Companies Act 2006, is provided in the Governance section.

Jersey Oil & Gas is committed to the goal of achieving high standards of Environmental, Social and Corporate Governance (ESG), both in its corporate activities and also in its operational activities, of which the GBA Project is its principal enterprise.

In support of this goal, JOG is a signatory of the United Nations Global Compact (UNGC), which is the world's largest corporate sustainability initiative.

JOG is committed to doing business responsibly by aligning its activities with the UNGC's Ten Principles on human rights, labour, the environment and anti-corruption.

One of the responsibilities of being a UNGC signatory is engaging with suppliers of goods and services to the GBA Development Project, to ensure that those organisations with which JOG seeks to contract with are aware of JOG's ESG Standards and that JOG will endeavour to seek alignment between JOG's ESG policies and those of its Contractors.

Human Resources

- **Employees**
- **Contractors**
- **Advisers**

Our people are our most valuable asset. We rely on their skills, experience, knowledge and diversity to deliver our vision to grow a successful, sustainable and valuable business.

As a rapidly growing business, our staff are key to delivering our business goals and ambitions. We have been fortunate to be able to attract some of the industry's best and brightest talent because of the nature and scale of our key asset, the Greater Buchan Area. We promote and maintain a strong and embedded culture of health and safety which is of fundamental importance to us. Training and development are integral to this to ensure that health and safety are of paramount consideration in the corporate business life of all of our individuals. Culture and brand; we are proud of what we have built and achieved. Ethics and values; good governance, based on strong principles and leadership. Well-being; we care for and about all of our staff and employees. We provide an induction process in which all new joiners read and acknowledge the policies and procedures through our in-house HR system. The Group communicates continuously on key corporate news and structural changes through emails, video and conference calls which allow for questions from employees. We value all employees and we ensure that our communications are inclusive, providing full transparency across the business.

We aim for continual improvement in the management of our human resources. Key topics for further improvement are: opportunities for career progression, development and succession planning, and working practices. As a company, we are focused on sustaining a positive business culture and continue to promote our values and behaviours through performance reviews and communication.

Shareholders

- Shareholder communication**

It is important that our shareholders understand our strategic priorities and ambition, and their views inform our decision-making. Communication and engagement are critical to this aim. We report on both financial and ESG metrics. We held our last Annual General Meeting in June 2020. Our financial results are announced twice a year, and regulatory news announcements provide communication to our shareholders, along with our annual report to help investors and other stakeholders understand our business and its performance. In conjunction with our announcements our Chief Executive Officer regularly updates our investors.

Suppliers

- Procurement and contracting**

JOG's Procurement Policy is underpinned by our internal procedures, which detail the specific processes and governance procedures implemented to provide the most efficient, effective and cost-conscious supply service which incorporates effective governance, risk management and prompt payment protocols.

Our effort is to be professional at all times and establish a reputation as being a reliable customer with whom suppliers and partners want to do business.

When taking on a new supplier, we conduct a detailed review to ensure that we understand not only the quality of their product or services but also their policies, procedures and working practices, making sure they are consistent with our values and compliance requirements. We keep our suppliers informed of our business performance through public disclosures and communication where appropriate.

The Company ensures that the quality of the services being supplied meets the standards expected, through our engagement and monitoring payment terms.

Community

- Corporate citizenship**

We aim to be a contributor to economic growth by providing investment opportunities, supporting education, creating jobs and project development. We aim to ensure that many people can benefit both from our operations and from our employees' desire to make a difference in their local communities. We provide support for our local communities through a variety of initiatives.

Government/Regulator

- Key stakeholders**

Regulators are key external stakeholders in activities which require statutory permits or consents. Briefings and meetings with regulators occur at regular intervals, typically corresponding to entering a new phase in activity or key project phases to provide updates on the schedule, a lookahead to work to be undertaken and also to advise the regulator of any forthcoming submissions or notifications.

RISKS

The Group operates in an environment that has substantial risks, albeit ones that it aims to mitigate and manage. These risks have to be carefully balanced to maximise the chances of providing attractive returns for our shareholders. The Group has well-developed Risk Registers, for Corporate, ESG and Project risks. These are formally updated on a regular basis and presented to the Board at regular points throughout the year.

Financial Risks

<ul style="list-style-type: none"> • Availability of funding and access to capital markets • Oil and gas price movements • Cost overruns and inflation • Adverse taxation and legislative changes • Regulatory and compliance risks • Co-venturer and other counterparty risk • Adverse foreign exchange movements 	<p>Close relationships are maintained with banks and the investor community as the Group will require capital for project funding and potential acquisitions. The Group maintains ongoing discussions with various financial partners, with a view to them supporting the Group in the future regarding eventual project funding or for the acquisition of producing assets. We are also regularly in talks with various third parties and shareholders, regarding the provision of capital. The Group relies on external funding for its own cash reserves, however our cash reserves are depleted by project related expenditure, Group overheads and required capital expenditure on assets. Budgets and cash flow projections, taking into account a range of cost inflation and joint venture investment scenarios, are prepared and updated regularly, circulated to all Directors and reviewed at Board meetings. The Company raised significant funds in April 2021 and now expects to be able to operate within its existing cash reserves through 2022, pending a successful outcome to the GBA sales process, on planned work programmes, subject to there not being any unforeseen cost overruns or other expenses. The Group currently has no income exposure to oil price fluctuations, since there is no longer any production accruing to the Company from its asset portfolio. The Group is exposed to changes in the UK tax regime and supports the work of industry bodies in influencing government policy to encourage investment in oil exploration and production, in addition to the management of tax planning and compliance. The Group has had exposure to US Dollar and Norwegian Krone exchange rate risk through cash deposits, as well as both oil and oil services often being sold in US Dollars or linked to the US Dollar. At present the Group holds almost all its available cash resources in Sterling, although we have kept a close eye on modelling and matching our potential future exposure to our liabilities, as part of the Board's ongoing business risk appraisal process. The Group insures the risks considered appropriate for the Group's needs and circumstances. In particular operations, such as the drilling of wells, may carry inherent financial and operational risks and such risks are insured under specific policies with major insurers.</p>
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Operational Risks

<ul style="list-style-type: none"> • Loss of key employees • Delay and cost overrun on projects, including weather related delays • HSSE incidents • Exploration and appraisal well failures • Co-venturer and other counterparty risk • Delays to exploration well programme execution • Failure of third-party services • Inherent geological risks and uncertainties 	<p>The Group recognises that to achieve its long-term strategy it will need to continue to take an active approach to identify, attract and retain the skills and expertise needed and to incentivise employees appropriately. The oil and gas sector is a particularly expensive sector in which to operate from a personnel perspective. Although industry costs have reduced, due to the previous low oil price environment, this should not be expected to continue in the future, particularly with recent oil price recovery. The Group tries to ensure that we are appropriately staffed, with a focus on technical capability and experience and that employees are working under contracts that provide the Group with a degree of protection, should people leave our employ. Through the employment of high quality staff and contractors, we believe we can mitigate many of the risks associated with our operations.</p> <p>The Group typically aims to hold shared equity in its assets. Currently the Group holds 100% working interest in all of its Licences. The Group has built operator-level capabilities, skills, knowledge and experience to mitigate many of the risks associated with the current and planned Group activities including Health, Safety, Security and Environment ("HSSE"), and the management of third-party contractors and service suppliers. Post the expected, successful farmout of equity in the GBA, Co-venturer risks, relating to their ability to fund their own share of developments and manage projects to effectively cover other operational risks, is expected to be mitigated by the scale and reputation of the Company's JV co-venturers. These foregoing risks, together with relationships with government and regulators, are part of an on-going Board review process. Full operational risk cover and advice is provided through the Group's insurance brokers. The Group monitors and evaluates all aspects of HSSE performance and has adopted continuous improvement business practices and processes, monitored and evaluated at every level of the organisation. The Group will continue to conduct its operations in a responsible manner that protects the health, safety and security of employees, contractors and the public and minimises the impact on the environment.</p>
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Operational Risks
Strategic and External Risks and Opportunities

- **Movement and conditions in capital markets**
- **Commercial misalignment with, or default of coventurers**
- **Material oil price movements**
- **Material changes in projected abandonment costs of oil and gas fields**
- **Brexit**

The Group competes with other exploration and production companies, some of whom have much greater financial resources, for the identification and acquisition of oil and gas licences and properties. The market price of hydrocarbon products can be volatile and is not within the control of the Group.

The successful progression of the Group’s activities and oil and gas assets depends not only on technical success, but also on the ability of the Group to obtain appropriate funds through equity financing, debt financing, farm-outs and other means. The availability of funding may continue to be influenced by macroeconomic events, such as oil price fluctuations or the overall state of the economy, both of which remain outside the control of the Group. There can be no assurance that the Group will be successful in its farmout process or in obtaining the required financing going forward. The Group’s financial risk management policies are set out in note 4.

The Company does not see Brexit having a significant impact on its business. The global oil market does not appear to have been directly impacted by the exit of the UK from the EU and there is significant demand for oil and gas domestically. However, access to overseas personnel and equipment may be affected to a greater or lesser extent, as a result of Brexit.

There is no absolute assurance that the Group’s ongoing activities will be successful. At the current time, the Group has four active licence interests, which are considered to have good reserves potential and prospects. However, these licences come with some degree of risk and there may be uncertainty over the future success and potential commercialisation of these assets. The Group may also expand its portfolio through the acquisition of growth assets in the future to provide asset diversification. The risks and opportunities set out above and herein are not exhaustive and additional risks, uncertainties and opportunities may arise or become material in the future. Any of these risks, as well as other risks and uncertainties discussed in this report, could have a material adverse effect on the business.

Strategic and Operational Risks

- **Covid-19 Pandemic**

The Company continues to monitor the Covid-19 situation, including UK Government legislation and guidance, and will continue to do so. The health of our Shareholders, employees and stakeholders is extremely important to us.

To date, the Group has not been materially adversely affected by the Covid-19 pandemic. However, the ongoing nature and uncertainty of the pandemic in many countries, including the measures and restrictions put in place (travel bans and quarantining in particular), continue to have the ability to impact the Group’s business continuity, workforce, supply-chain, business development and, consequently, future revenues.

In addition, any infections occurring on the Group’s premises could result in the Group’s operations being suspended, which may have an adverse impact on the Group’s operations as well as adverse implications on the Group’s future cash flows, profitability and financial condition. Supply chain disruptions resulting from the Covid-19 pandemic and measures implemented by governmental authorities around the world to limit the transmission of the virus (such as travel bans and quarantining) may, in addition to the general level of economic uncertainty caused by the Covid-19 pandemic, also adversely impact the Group’s operations, financial position and prospects.

Given the pandemic, the Board has taken the decision that Shareholders, advisers and other guests will not be allowed to attend the General Meeting in person and anyone seeking to attend the General Meeting will be refused entry. The Company will arrange for the minimum quorum of two Shareholders necessary to conduct the business of the General Meeting to be present in person at the General Meeting and social distancing guidelines will be observed.

OUR GOVERNANCE





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Overview

Strategic Report

Our Governance

Our Financials

BOARD OF DIRECTORS

The directors of the Company who were in office during the year and up to the date of signing these financial statements were:



Marcus Stanton
Non-Executive Chairman

Marcus Stanton has extensive experience in the oil & gas and banking industries and has been a Non-Executive Director of a number of AIM quoted companies over the past 20 years. These have included various oil and gas companies, both in the UK and overseas, operating in the E&P and oil and gas services sectors. Marcus qualified as a Chartered Accountant at Arthur Andersen, where he worked in the oil and gas division. Previously held banking roles include Chief Operating Officer of Global Capital Markets, Robert Fleming & Co. and Director, Corporate Finance, at Hill Samuel & Co. For a number of years Marcus has provided expert evidence on complex banking transactions, both in the UK and overseas. He is a Fellow of the Institute of Chartered Accountants in England and Wales and a Chartered Fellow of the Chartered Institute for Securities and Investment. He is Chairman of the Jersey Oil and Gas plc Audit Committee and a member of its Remuneration and Nomination Committees. Marcus graduated from Oriel College, Oxford. Marcus keeps his skill set up to date through meetings with chairmen of other AIM listed companies, membership of the Quoted Companies Alliance, attendance at North Sea oil and gas industry events and the continued professional development requirements of the Institute of Chartered Accountants in England and Wales and the Chartered Institute for Securities and Investment.



Andrew Benitz
Chief Executive Officer

Andrew Benitz was a Founding Director of Jersey Oil and Gas E&P Ltd (now a subsidiary of Jersey Oil and Gas plc) and has over 17 years' experience in financial markets and company management. Prior to co-founding Jersey Oil and Gas, Andrew was Chief Executive Officer and Director at Longreach Oil and Gas Ltd, a TSX-V quoted company. He joined Longreach in 2009 as Chief Operating Officer when it was a small private company and oversaw the company's growth, building a significant portfolio of oil and gas assets in Morocco. Prior to his move into industry, Andrew worked at Deutsche Bank AG as an Analyst within the Oil and Gas Investment Banking Group as well as within the Equity Capital Markets team, where he worked on a broad range of oil and gas M&A transactions, together with equity and equity-related financings. Andrew is also founder and Director of Titan Properties SL, a real estate business in Spain. He completed his undergraduate studies at Edinburgh University graduating with a Bachelor of Commerce (Honors). Andrew keeps his skill set up to date through regular meetings with other oil and gas executives, regular communication with financial advisers and attendance at North Sea oil and gas industry events.



Ron Lansdell
Chief Operating Officer

Ron Lansdell is Chief Operating Officer and a founder director of Jersey Oil & Gas. Previously he was VP E&P at Longreach Oil and Gas responsible for exploration in Morocco. Ron held a number of senior technical and commercial roles during a 13 year career at Eni. These roles included roles in Nigeria, Kazakhstan and exploration management in the Atlantic Margin UK, Faroes and Ireland. He began his career in 1972 in seismic data acquisition and processing, initially at Digicon and then at CGG in London, before joining Elf in Norway and then BHP Petroleum as Exploration Coordinator, Western Australia.

Ron spent nine years with Elf (in Norway, France and Syria) and then joined QP as Chief Geophysicist in Qatar before joining Eni. Ron graduated in geology from the University of London. He is a member of the IOD, PESGB and a Fellow of The Geological Society. Through his Society and Institute memberships, Ron keeps himself regularly updated on technical, commercial and governance issues.



Vicary Gibbs
Chief Financial Officer

Vicary Gibbs is a corporate financier with over 20 years' experience advising oil and gas companies. He began his career at Robert Fleming & Co. in their London oil and gas team. During his career he subsequently worked for a variety of different Investment Banks' oil and gas teams including Deutsche Bank (London and Houston), Bank of America, Hawkpoint and BMO Capital Markets.

Vicary's extensive experience includes a multitude of sell-side and buy-side asset and corporate M&A deals, strategic advisory, restructuring, privatisation and capital raising transactions. Vicary has a BA in Business Administration.

Vicary keeps his skill set up to date through regular meetings with other oil and gas executives, attendance at North Sea oil and gas industry events and through attendance at workshops and on courses run by leading accountancy and legal firms.



Frank Moxon
Senior Independent Director

Frank Moxon has 23 years' experience of the oil & gas and mining industries as a Board-level adviser and non-executive director. During this time, he has held a number of senior management roles within the financial services industry and, in addition to being senior independent director at Cove Energy Plc, has been a director of oil & gas and mining companies listed in London, Australia and Canada. Frank is currently also President and non-executive director of East of England Co-operative Society. He has a BSc in Economics and is an Honorary Chartered Fellow of the Chartered Institute for Securities & Investment, a Fellow of the Energy Institute and of the Institute of Materials, Minerals & Mining and a member of the Petroleum Exploration Society of Great Britain. He is chairman of the Jersey Oil and Gas plc Remuneration and Nomination Committees and a member of its Audit Committee.

Frank keeps his skill set up to date through attendance at North Sea oil and gas industry and Quoted Companies Alliance events and satisfaction of the continuing professional development requirements of the Energy Institute, the Institute of Materials, Minerals and Mining (which has an oil & gas division) and the Chartered Institute for Securities and Investment.



Les Thomas
Non-Executive Director

Les Thomas has an engineering background and almost 40 years' experience in the Oil and Gas industry, in various subsurface, engineering, operational and senior management positions. Les was formerly CEO of Ithaca Energy from 2013 to 2020 helping it to grow through acquisitions and project developments from a small producer into the substantial North Sea independent operator that it is today. Les previously served for eight years on the Board of John Wood Group plc, as Chief Executive of its Production Facilities business and the Group Director responsible for HSE, during a period of substantial international growth for the leading UK oil services contractor. Prior to this, he spent 22 years with Marathon Oil in the UK and the US in a variety of engineering and asset management roles, including four years latterly as European Business Unit Leader.

Les is also an independent director of Repsol Sinopec Resources UK Limited, a joint venture between Repsol and Sinopec with a significant UK North Sea portfolio, as well as serving as a Non-Executive Director of Avingtrans Plc, an AIM quoted engineering and manufacturing business, where he is the Senior Independent Director. Les has a BSc (1st class hon) in Civil Engineering and a Masters degree in Petroleum Engineering, both from Heriot Watt University in Edinburgh. Over the years Les has served on a variety of industry bodies promoting training, development and best practice. Les is currently on the Board of the Scottish Energy Forum, a national forum for the presentation and discussion of views on the economic, industrial, technological and political aspects of all forms of energy.

SUSTAINABILITY REPORT

Our Sustainability Approach

Led by the principles of the UN Global Compact, we continue to define and assess the social and environmental impacts of JOG's flagship GBA Development Project. The processes are intended to be flexible enough to apply to a broad range of current and future work scopes.

To complement the GBA development project, JOG has worked hard to ensure that its wider strategy around ESG is equally as ambitious and futureproofed. There is a strong desire within JOG to ensure that the ESG strategy, commitments and initiatives are also recognised by both the oil and gas industry and the investment community as distinctive differentiators.

JOG focuses on returning value to shareholders and we recognise that competitive advantage can be driven by ESG performance, and that managing carbon emissions is an important part of investor perception. This approach differentiates JOG both as a future operator and also as a viable investment, in an ever more carbon conscious market.

JOG is currently preparing for and planning operations. The further integration and expansion of ESG initiatives, and associated reporting or messaging, builds JOG's reputation to 'do the right thing' and manage ESG performance.

It is recognised across the Company that the future of the oil and gas industry in the UK depends upon it operating in

a responsible manner through energy transition, with strong ESG credentials, and in alignment to the wider UK goal of achieving net zero carbon emissions by 2050.

More importantly, our first capital project, the development of the GBA, enables further differentiation from our peers in the form of a base-case concept design of an electrified platform, acting as a hub for potential tie-ins from other operations in the area.

This is the first example on the UK Continental Shelf (UKCS) of an operator designing a new production platform from the ground up to run solely on electrical power. The project is in the early stage of development, about to enter FEED, and there are important technical and commercial stages to evaluate before the design is finalised. Integrating ESG into the lifecycle of our projects or assets will also be key to differentiation and market positioning.

In summary, JOG has a strong basis and culture for the development of a market-leading ESG strategy.

1. Net-zero

We commissioned a leading third-party solution provider for climate policy, to assist JOG in the creation of a market-leading ESG strategy and Carbon Policy.

The evaluation of the Company's 2020 carbon footprint, which consists of scope 1 and 2 and category 6 of scope 3 (business travel) emissions, helped identify the emissions for which we will set carbon reduction targets to define

our climate action goals for 2021 and onwards.

We will continue to reduce scope 1 and 2 emissions, and we will consider and expand scope 3 categories, in line with the requirement for setting science-based targets and climate-related financial disclosures.

We are using the Sustainable Development Goals (SDGs) and science-based targets to establish longer-term climate action and net-zero commitments for 2020-2030.

2. ESG

The tenets of ESG are fundamental to JOG. The concepts of ESG put forward the idea that there is far more than one stakeholder in business and that significant weight should be given to the environment, employees, the supply chain and the wider community in which the business operates. For a business to be truly 'sustainable', it will ultimately need to correctly balance the needs of all of its stakeholders.

The term was first coined by the United Nations Global Compact in a 2005 report titled "Who Cares Wins". In 2015, the UN followed up with the publication of the 17 SDGs, which set an agenda up to 2030. Dovetailing with this was the 2015 Paris Agreement, where 189 countries legally signed up to climate change targets.

Positive Steps Towards Net Zero

ESG in the Oil and Gas industry

In recent years the ideas and concepts of ESG have gathered significant momentum in the oil and gas sector, driven by the UN, Governments, investors and communities.



Source: Growing a culture of social impact investing in the UK, 2017

2.1 Our Aims

- Establish appropriate criteria to all activities to ensure the business is environmentally conscientious and perceived as a progressive and market-leading entity
- Ensure respectful treatment of all JOG's key stakeholders
- Build upon corporate ethics and values via open and transparent business practices

The Company's ESG strategy has continued to evolve on a holistic basis. ESG/Sustainability activities are currently centred around: 1) Continuous learning and knowledge building (particularly

surrounding technology and policy evolution); 2) Third-party data to assess for materiality and historical concerns such as reports, international standards and partnerships/collaborations; 3) Developing our own internal assessment tool; and 4) both inter- and intra-related company engagement.

Our ESG Strategy has been developed to the point where there is a culture and commitment across the company to be a responsible, transparent 21st century oil and gas operator. Work has been performed to map ESG considerations as the basis of JOG's specific materiality assessment.

Key ESG issues and topics have been identified and we recognise that, from an ESG perspective, we have a "clean sheet" with no current operations or legacy infrastructure.

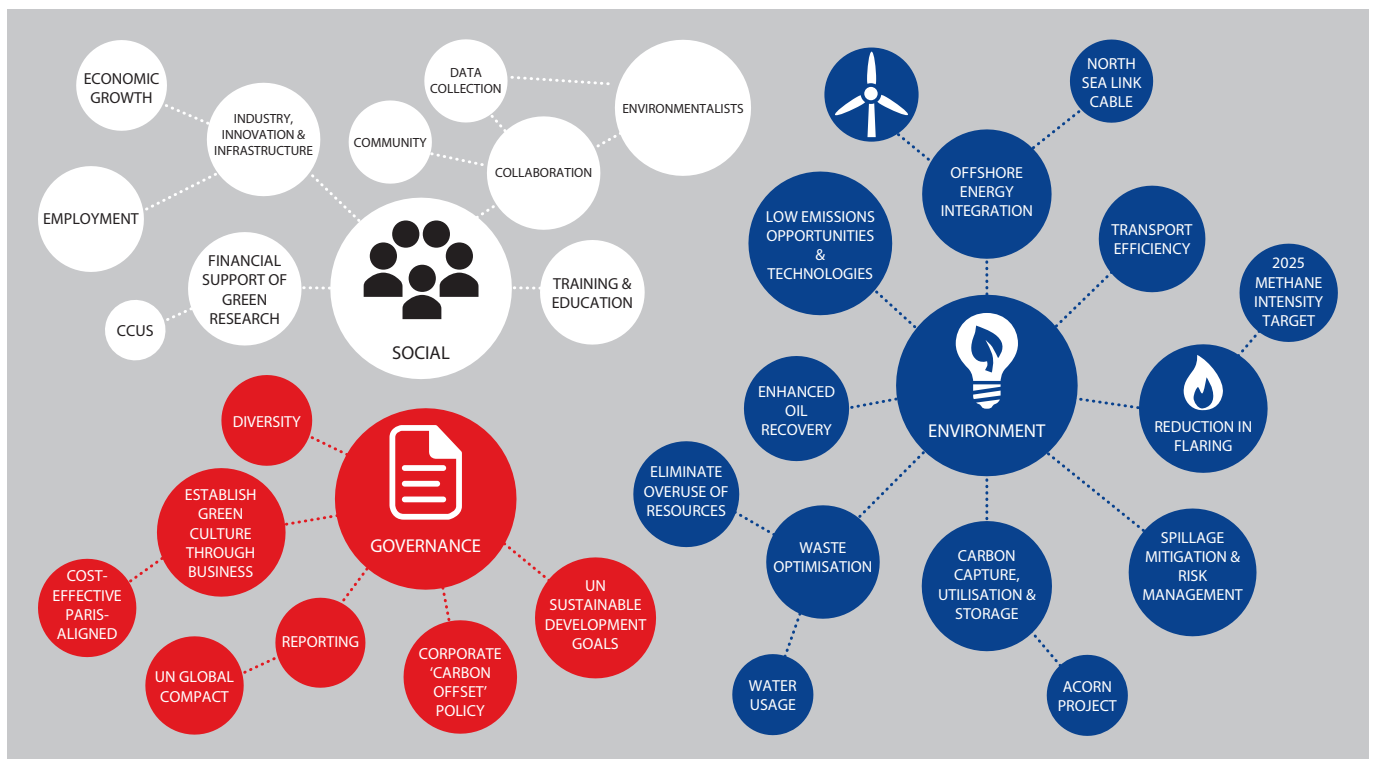
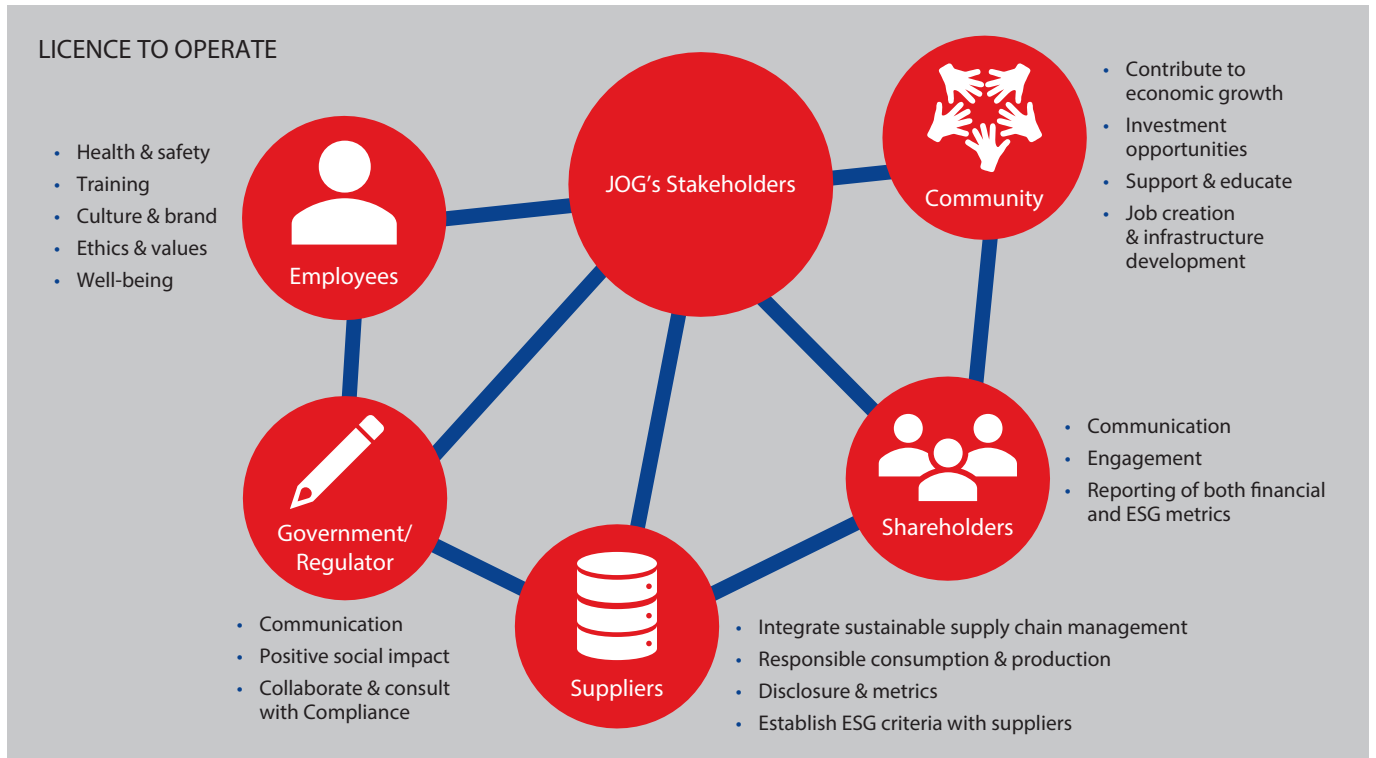
Specifically, we currently have the following ESG strategy elements in place:

- Company-wide recognition that ESG is important to building value
- Integration and support across the company and the right culture for ESG excellence
- A development project that "walks the talk" from an ESG perspective and that differentiates JOG on the UKCS.

SUSTAINABILITY REPORT

3. Stakeholder Materiality Assessment

Our 'Licence to Operate' takes into account many aspects as indicated on the mind map:



Maturation of our Licence to Operate: Defining our 'Operational Boundaries'

The Licence to Operate defines the Company's scope of responsibility, both what we are responsible for from a regulatory standpoint but also as a corporate citizen. In establishing the boundaries of stakeholder responsibility, the Company determined which activities are material to its day-to-day operations. Materiality in this sense is any topic that, in the view of management or stakeholders, significantly affects the

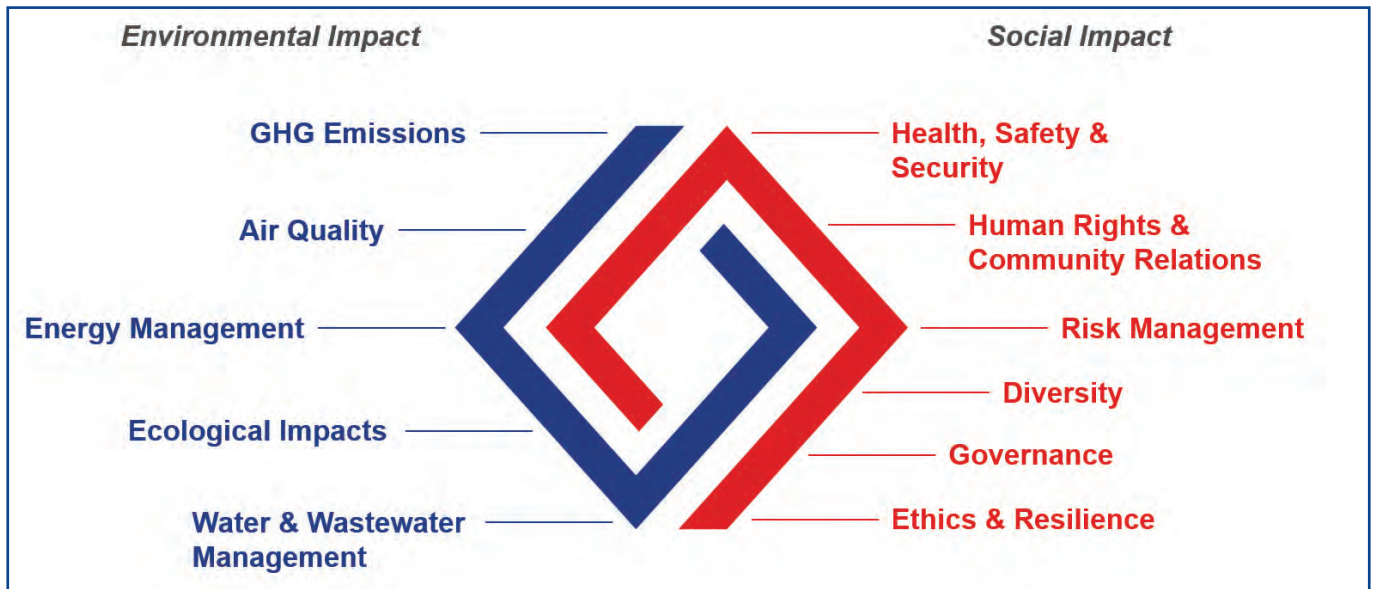
Company's economic, environmental and social performance or substantially influences the opinions and decisions of stakeholders. Primarily affecting value creation, these issues tend to centre around the positive and/or negative economic and reputational resilience of a company. Materiality in ESG is fundamentally different from its application in financial accounting information, where a threshold, such as a percentage of revenue, can determine whether information is disclosed.

When determining which topics to focus on, we reviewed key materiality

factors from the Sustainability Accounting Standards Board (SASB), Global Reporting Initiative (GRI), International Petroleum Industry Environmental Conservation Association (IPIECA), Morgan Stanley Capital International (MSCI), Sustainalytics and our peers.

Eleven key areas were highlighted and shortlisted as material topics that we will need to manage, monitor and report on. Using this data, we can provide meaningful analysis for identifying where the Company is creating or reducing value for society and the environment.

JOG's identified materiality factors are below:



Stakeholder Relations

In order to align to our organisational goals and allow meaningful engagement with stakeholders we undertook internal stakeholder engagement to determine the current and future appetite for ESG within the organisation and to get a detailed understanding of the wider Company culture. The outputs from the conversations were analysed and summarised in terms of Strengths, Weaknesses, Opportunities and Threats.

Measuring Progress

The SDG Action Manager has been a vital tool throughout JOG's sustainability journey in 2020. The platform enabled meaningful progress via continuous and dynamic self-assessment, with JOG making huge steps in its commitments to both the Ten Principles and the

Sustainable Development Goals. JOG set a KPI to reach an assessment score of 70% by year end in 2020. An indication of

the Company's progress in 2020 is that the KPI was reached and then surpassed in October.



SUSTAINABILITY REPORT

4. Risk and Opportunity

Oversight

JOG's ESG Framework is a top-down and bottom-up approach and is a consistent, scalable and auditable means for the identification and management of existing and emerging risks and opportunities, both internal and external, to JOG's future operations, at project level and business level.

JOG's Management Team convenes for dedicated ESG risk and opportunity reviews twice a year. The outputs are reported to the Board of Directors and to individual business units in the form of KPIs to manage risks, including climate risks and opportunities, on an ongoing basis.

5. The Board's Role in Risk Oversight

Risk oversight is an integral part of JOG's Board of Director's role, and discussions regarding risks faced by JOG are deliberated throughout the year. Responsibility for risk management is distributed among the Board as a whole and supported by management. JOG's risk management framework provides an effective tool for executive oversight of managing risks.

Strategic, operational, financial and hazard risks, as well as management of their likelihood and impact, the perceived trend for each risk, and the measures being taken to monitor and manage those risks.

5.1 Risk Matrix & Policy

JOG's Risk Management Policy mandates that every risk and opportunity has an owner assigned and accountable for the ongoing management, including the development and implementation of mitigation risks, each with individual owners accountable for action implementation through to successful conclusion.

6. Environment

JOG recognises its size and influence and therefore the level of control over associated emissions. Many of its Scope 2 and 3 emissions will be managed by much larger organisations, and JOG's influence on these may be limited.

The Company will quantify, control and reduce the emissions associated with its operations in order to ensure that it can continue to operate responsibly as part of the energy transition.

To ensure a common understanding of control, influence and ownership of greenhouse gas emissions, JOG seeks to identify its Scope 1, Scope 2 and material Scope 3 emissions as defined by the internationally recognised definitions developed by the GHG Protocol. The definitions, or Scopes, relate to the influence an organisation has on specific emissions and associated accountability and control.

JOG has conducted a detailed breakdown of the predicted and foreseeable emissions that will be associated with the its activities through the development of the Buchan GBA project and the

subsequent production and operations phase. Aligned with our Carbon Policy, JOG will seek to minimise, measure and report on these emissions in line with the Task Force for Climate-related Financial Disclosure (TCFD) framework. Key to this will be the consideration and application of pioneering solutions to mitigate carbon emissions, such as platform electrification, which will be considered alongside more conventional oil and gas development options.

7. Environmental Strategy

Our Environmental Strategy is underpinned by our recently published Carbon Policy, which can be found on our website. JOG is committed to a sustainable and lower carbon energy future. The management of carbon emissions and the commitment to low carbon targets and initiatives in the production of oil and gas are integral to JOG's operational objectives, risk management, corporate structure, and company values and culture.

The Policy confirms JOG's commitment to risk-managed growth, which will involve reducing its carbon footprint to the lowest possible levels for the benefit of its shareholders and other stakeholders.

Through this Policy, as well as the strategies and programmes that stem from it, JOG will seek to position itself as an oil and gas company leading in energy transition, on the UKCS.



Contribution to the SDGs

We have analysed and identified specific SDGs and their underlying targets that are most relevant to our business. Analysis included both opportunities to positively contribute to the SDGs and the potential risks of our business hindering their achievement. We have aligned our ongoing sustainability reporting metrics to the SDGs (GRI) and specific improvement goals have been set to help achieve the SDGs.

Internal training has been conducted across the Company to educate employees about the SDGs and the underlying strategy.

8. Managing our Carbon Footprint

JOG's Environmental Management System includes a policy statement documenting our organisation's commitment to the environment. The Company has also undertaken an assessment of the environmental impact of its business activities.

Moving forward, JOG aims to establish stated objectives and quantifiable targets for environmental aspects of its operations and have sufficient programming in place to achieve these targets. This programming will include periodic compliance reviews and auditing to evaluate progress both internal and external.

Monitoring of Greenhouse Gas Emissions

We currently regularly monitor and record all office-related emissions and air travel, with the ambition for our office-based operations to be carbon neutral by June 2021. We will continue to monitor emissions as operations expand in line with the development of the Greater Buchan Area. Once a baseline is defined, we will set specific science-based reduction targets necessary to achieve global goals to address climate change.

Monitoring and Managing Water Usage

We are currently working with our landlord at the Jersey office to track our water usage. This will soon be extended to the London office in order to define a baseline for the Company. Once established, we aim to set specific science-based reduction targets relative to the baseline performance. Alongside this monitoring, JOG is to incorporate water management into its corporate culture in the form of sustainability moments.

Environmentally Friendly Technologies

Environmentally Friendly Technology (EFTs) can help preserve the environment through energy efficiency and reduction of harmful waste. It often involves recycled, recyclable and/or biodegradable content, plant-based materials, reduction of polluting substances, reduction of greenhouse gas emissions, renewable energy, energy-

efficiency, multi-functionality, and low-impact manufacturing. JOG aims to utilise EFTs wherever possible throughout its operations and during the development of the GBA, with a particular focus on energy efficiency to ensure the maximum abatement of greenhouse gas emissions. One key target is to invest in accredited and, where possible, local carbon capture or offset to support the UK's Net Zero ambitions. These will be assessed through a rigorous corporate governance, management system and operation process to ensure sustainable value is realised from the JOG assets.

Governance

JOG has extensive policies and procedures in place to ensure a robust system of corporate governance, consistent with all of our ESG principles, and this is covered extensively in our Corporate Governance Statement and report below.

Tax Management Practices

The Group has policies and practices in place to review tax strategies for fairness and makes all payments (such as its effective rate, subsidiaries or tax philosophy) publicly available to the general public.

Appropriate tax management directly relates to SDG 1.3, 8.1, 10.4, 17.1, 16.3 and 16.4; and may be indirectly related to 1.1, 3.1, 3.1, 4.1, 4.2, 4.3, 4.4 and 17.3.

9. Sustainable Supply Chain Management

One of the responsibilities of being a UNGC signatory is engaging with suppliers of goods and services to the GBA Development Project, to ensure that those organisations with which JOG seeks to contract with are aware of JOG's ESG intentions and that JOG will endeavour to seek alignment between JOG's ESG aspirations and those of its Contractors.

CORPORATE GOVERNANCE REPORT

Introduction

The Board of Jersey Oil and Gas plc ["JOG," "the Company" or the "Group"], believes that a sound corporate governance policy, involving a transparent set of procedures and practices, is an essential ingredient to the Company's success both in the medium and long term. The application of these policies enables key decisions to be made by the Board as a whole, and for the Company to function in a manner that takes into account all stakeholders in the Group, including employees, suppliers and business partners.

As a company quoted on AIM, JOG is also required to comply with a recognised corporate governance code. At the current stage of the Company's development, the Board believes it appropriate for the Group to comply with the QCA Corporate Governance Code (the "QCA Code"), which is a code designed for growing companies and provides an effective and proportionate governance framework that is reflective of the Group's culture and values. The Chairman of the Board has responsibility to ensure these policies and procedures are in place and operate effectively.

The Board of Directors

The Board is the main decision-making body of the Group, being responsible for, a) the overall direction and strategy of the Group, b) monitoring performance, c) understanding risk: and d) reviewing controls. It is collectively responsible for the success of the Group.

The Board of Directors currently comprises a Non-Executive Chairman, a Chief Executive Officer, a Chief Operating Officer, a Chief Financial Officer and two other Non-Executive directors. The respective skills that each bring to the board are listed in the earlier section, headed up Board of Directors.

The Chairman's role is part-time, and he is a non-executive director. His key responsibility is the leadership of the Board and this is primarily effected through regular Board meetings as well as contact with other Board members

and interested parties between Board meetings. The Chairman is also responsible for the establishment of sound corporate governance principles and practices.

The Chief Executive Officer is responsible for the day-to-day running of the Group's operations and for implementing the strategy agreed by the Board. He plays a pivotal role in developing and reviewing the strategy in consultation with the Board and in executing it with the support of the other Directors.

The Chief Operating Officer is responsible for, a) the GBA project, b) the licence-related activities of the Group, c) the development of our Environment, Social and Corporate Governance policies and activities, d) maintaining and applying the Group's Health, Safety, Security and Environment Policy, and e) in conjunction with the Chief Financial Officer, the Group's policies and procedures relating to risk management.

The Chief Financial Officer is responsible for the Company's finances, in addition to other aspects of the business, including risk management, property matters, insurance and human resources.

All of the Executive Directors are employed under service contracts and work full time on the Company's affairs.

The Non-Executive Directors work part time, for approximately four to eight full days each month, with additional time commitments depending on new Company developments as they arise. The Board considers that all three of the non-executive directors, Marcus Stanton, Frank Moxon and Les Thomas are independent in character and judgement. Marcus Stanton and Frank Moxon have shareholdings [acquired with their own funds] and limited share options [granted as part of the annual remuneration process and approved by the Board], and the Board considers that this does not impair their judgement.

At the end of each month the Chief Executive briefs the Non-Executive Directors on current developments.

There is a formal schedule of matters specifically reserved for the Board, in addition to the formal matters required to be considered by the Board under the Companies Act. This list includes matters relating to, a) strategy and policy, b) acquisition and divestment proposals, c) approval of major capital investments, d) risk management policy, e) proposals from the Audit Committee, the Remuneration Committee and the Nomination Committee, f) significant financing matters and g) statutory reporting to shareholders.

At each Annual General Meeting one third of the Directors are subject to reappointment by rotation, as are Directors who have been appointed during the year.

The QCA Code recommends that non-executive directors serve up to a maximum of nine years, in order to maintain their independence from the executive members of the Board. In this connection, Marcus Stanton (Non-Executive Chairman of JOG), was first appointed a non-executive director of Trap Oil in 2011 and took on the role of non-executive Chairman in 2014, following the departure of the then Chairman, Chief Executive Officer and Chief Operating Officer. Marcus was responsible for the substantial rationalisation of the Company's operations and the subsequent reverse takeover by JOG in 2015. For corporate governance purposes the board of JOG regard the nine year period relating to Marcus Stanton as effectively commencing with the initial listing of JOG on AIM [in 2015], which introduced a new Chief Executive Officer, a new Chief Operating Officer and a new set of controlling shareholders.

The Board is assisted by Ian Farrelly, the Company Secretary, whose services are retained through a contract with MSP Services, a company that provides company secretarial and corporate support services, and Chris Haynes, advisor to the Board.

Board Effectiveness

The Board, as a whole, seeks to maintain an appropriate mix of experience, skills, personal qualities and capabilities in order to deliver the strategy of the Company. As a small but growing company this presents its own challenges, with board members taking on responsibilities for dealing with corporate developments as and when opportunities, or problems, arise.

The Group undertakes an annual remuneration review for all Directors and staff in the last quarter of each year, although this was deferred for the 2020 year pending progress being made in identifying an appropriate partner for the development of our oil and gas interests in the Greater Buchan Area. A formal board evaluation process was last completed in January 2020, which was led by the Chairman, assisted by the Company Secretary. The overall results of the report were encouraging in that the consensus was that the Board, its committees and individual directors were felt to be performing well. The next board evaluation process is planned to take place once progress has been made on the 2021 farm out.

Board Committees

The Company operates an Audit Committee, a Remuneration Committee and a Nomination Committee, each comprised of non-executive directors.

Audit Committee

Chair: Marcus Stanton, [Non-Exec Chairman] Other Members: Frank Moxon, [NED], Les Thomas [NED]

Under its terms of reference, the Audit Committee is required to meet at least twice a year, at which executive directors may attend by invitation, and its responsibilities include:

- Monitoring the independence and objectivity of the Auditors;
- Reviewing and approving the external auditor's terms of engagement, scope of work, fees, the findings arising from the external audit work and external audit performance;
- Monitoring the integrity of the Group's published financial information;
- Reviewing the risk identification and risk management processes of the Group; and
- Reviewing the Group's procedures to prevent bribery and corruption in addition to ensuring that appropriate whistleblowing arrangements are in place.

Due to the current size of the business, it is not considered appropriate to have an internal audit function.

Remuneration Committee

Chair: Frank Moxon, [NED] Other Members: Marcus Stanton, [Non-Exec Chairman], Les Thomas [NED]

Under its terms of reference, it is required to meet at least twice a year and its responsibilities include:

- Determining and agreeing with the Board the broad policy for the remuneration of the executive directors;
- Determine the individual remuneration package of each executive director;
- Review all share incentive plans; and
- Recommending option grants for the executive directors and other employees, as considered appropriate.

No Director is involved in deciding their own remuneration. The Non-Executive Directors' remuneration is decided by the Executive Directors.

Nomination Committee

Chair: Frank Moxon, [NED] Other Members: Marcus Stanton, [Non-Exec Chairman], Les Thomas [NED]

Under its terms of reference, it is required to meet at least twice a year and its responsibilities include:

- Evaluating the balance of skills, experience and diversity on the Board; and
- Approving candidates for Board vacancies, save for the appointment of the Chairman of the Board or the Chief Executive Officer, which are matters for the whole Board.

Due to the size of the Company, no meetings of the Nomination Committee were held during 2020 as its functions have been properly carried out as part of the work of the Remuneration Committee and the Board.

CORPORATE GOVERNANCE REPORT

Board and Committee Attendance in 2020

	Board		Audit Committee		Remuneration Committee		Nomination Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Non-Executive Directors								
M J Stanton	6	6	5	5	3	3	–	–
F H Moxon	6	6	5	5	3	3	–	–
L Thomas (appointed 13 th April 2021)	–	–	–	–	–	–	–	–
Executive Directors								
J A Benitz	6	6	–	–	–	–	–	–
R J Lansdell	6	6	–	–	–	–	–	–
V J Gibbs	6	6	–	–	–	–	–	–

Corporate Culture

The Board believes that the long-term success of the Company is underpinned by a corporate culture that is based on ethical values and behaviours. During the first quarter of 2021 a formal and extensive employee Staff Handbook was issued which draws together all of the Company's rules, policies and procedures relating to employment matters. It illustrates our intention to treat all employees fairly and consistently, and to follow the law and best practice as regards employment matters.

These values, which we seek to instil throughout the Group, include integrity, respect, honesty and transparency and are consistent with the Company's objectives as set out in the Strategic Report. These values are led by the behavioural example of individual Board members, particularly the Chief Executive Officer, the Chief Operating Officer and the Chief Financial Officer.

The Company also operates a well-defined organisational structure through which we seek to determine that our ethical values and behaviours are recognised and respected, in addition to which every employee is aware of our established whistleblowing procedures. These include a formal Anti-Bribery and Corruption Policy under which we are committed to acting legally, fairly and ethically wherever we do business. We do not tolerate bribery and corruption in any of its forms, nor will we tolerate it in those with whom we do business.

We also hold internal meetings, twice a week, at which the Executive Directors and staff discuss operational matters, being part of the mechanism by which

we assess the state of the corporate culture. This culture is also continually assessed by the Chief Financial Officer in his capacity as Head of Human Resources, which involves extensive contact with employees of the Company.

Internal Control

The Board is responsible for the Group's system of internal control (in accordance with Financial Reporting Council guidance) and for regular reviews of its effectiveness.

These internal procedures include,

- Board approval for all policies, procedures and significant projects,
- a budgeting and planning process, requiring approval by the Board,
- the receipt of regular reports covering the Company's financial affairs,
- internal controls as articulated in the Group's Financial Reporting Procedures, and
- a review by the Audit Committee of the draft annual and interim reports, and the Company's annual budget, before being recommended to the Board.

This system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, not absolute, assurance against material misstatement or loss.

Risk Management

As for the previous year, given the current size of the Company, it was considered preferable for risk management to be the responsibility of the Board as a whole, rather than a sub-committee. As part of this process, the Company's Risk Registers are now formally maintained by the Chief Operating Officer and presented at every Board meeting.

Environmental, Social and Corporate Governance

This is an area we focus upon very intently, particularly as we seek to develop our licence interests in the Greater Buchan Area. Although this is formally lead by the Chief Operating Officer, all of the Directors actively contribute to these three key aspects of how we run our business activities.

Further details of our activities in this important part of our business are included in the Sustainability Report.



Health & Safety

The Board firmly believes that Health, Safety, Security and the Environment (“HSSE”) is of the highest importance to the Group and expects all Directors, officers, managers, employees and contractors to consider HSSE as part of their normal duties and responsibilities.

The Board’s commitment to high HSSE standards is set out in its HSSE Policy, which is:

- Endorsed by the Board for implementation by management, staff, contractors, partners and stakeholders; and
- Reviewed periodically and, where appropriate, updated and re-issued.

The HSSE function is managed by the Chief Operating Officer, who regularly reports on these matters to the Board.

Relations with Shareholders

The Board considers that good communication with shareholders, based on the mutual understanding of objectives, is important. In addition to the information included in the Group’s Annual and Interim reports, there is regular dialogue between the Board (led by the Chief Executive Officer) and shareholders, in addition to required public announcements. The Chief Executive Officer, the Chief Operating Officer and the Chief Finance Officer also give regular presentations to investors, including one-to-one meetings with major shareholders during the year, in addition to specific meetings with shareholders relating to major transactions.

A constant and up-to-date information flow is also maintained on the Group’s website which contains all press announcements and financial reports as well as extensive operational information on the Group’s activities.

The Board also encourages shareholders to attend the Annual General Meeting, at which members of the Board are available to answer questions and present a summary of the year’s activity and the corporate outlook for the Group.

Unfortunately, owing to the Covid 19 pandemic it will not be possible for shareholders to attend such meeting this year. Shareholders are therefore encouraged to submit their voting intentions by way of proxy, and can contact the Chief Executive Officer to discuss Company matters, at any time.

Ongoing Review of Corporate Governance

We continue to review our corporate governance policies and procedures, particularly in the light of our development of the Greater Buchan Area and taking into account the new staff employed by the Company to achieve this. Apart from the governance related matters referred to in this report, there have been no significant changes in governance arrangements during 2020. Going forward, these corporate governance policies and procedures will continue to be reviewed as our business develops, and/or in response to further regulatory and other relevant guidance.

Marcus Stanton

Non-Executive Chairman

5 May 2021

DIRECTORS' REPORT

The Directors present their report together with the audited Group and Company financial statements for the year ended 31 December 2020.

Results and Dividends

The Group's loss for the year was £2.8m (2019: loss of £2.1m). The Directors do not recommend the payment of a dividend (2019: Nil).

Directors' interests

The beneficial and other interests of the Directors holding office during the year and their families in the shares of the Company at 31 December 2020 were:

Directors' interests

	As at 31 December 2020 1p Ordinary Shares		As at 31 December 2019 1p Ordinary Shares	
	Shares	Options	Shares	Options
Non-Executive Directors				
M J Stanton	100,000	101,570	70,000	101,570
F Moxon	84,935	55,000	84,935	55,000
Executive Directors				
J A Benitz	641,942	430,000	627,142	430,000
R J Lansdell	1,013,590	430,000	1,000,000	430,000
V J Gibbs	16,500	190,000	16,500	190,000

Directors' Third Party Indemnity Provisions

The Company maintained during the year and to the date of approval of the financial statements indemnity insurance for its Directors and Officers against liability in respect of proceedings brought by third parties, subject to the terms and conditions of the Companies Act 2006.

Share Capital

At 31 December 2020, 21,829,227 (2019: 21,829,227) ordinary shares of 1p each were issued and fully paid. Each ordinary share carries one vote.



Substantial Shareholders

At 31 December 2020, notification had been received by the Company of the following who had a disclosable interest in 3% or more of the nominal value of the ordinary share capital of the Company:

Hargreaves Lansdown Asset Mgt.	14.57%
Interactive Investor	6.47%
Mr J Baldwin	5.67%
Halifax Share Dealing	5.20%
Barclays Wealth	4.81%
A J Bell Securities	4.70%
Mr R Lansdell	4.64%
Quiltor Cheviot Inv Mgt	4.28%
Janus Henderson Investors	3.36%

Except for Mr Lansdell, none of the directors hold 3% or more of the nominal value of the ordinary share capital of the company. As at 31 December 2020, the Company had not been notified of any other person who had an interest in 3% or more of the nominal value of the ordinary share capital of the Company.

Up to date details and changes of substantial shareholders are contained on the Company’s website (www.jerseyoilandgas.com).

Employees

The business depends upon maintaining a highly qualified and well-motivated workforce and every effort is made to achieve a common awareness of the financial and economic factors affecting performance. The Group is committed to being an equal opportunities employer and engages employees with a broad range of skills and backgrounds.

Nominated Adviser and Stockbrokers

The Company’s Nominated Adviser is Strand Hanson Limited and its Joint Brokers are Arden Partners plc and finnCap Ltd.

Financial Instruments

The Group’s principal financial instruments comprise cash balances, short-term deposits and receivables or payables that arise through the normal course of business. The Group does not have any derivative financial instruments. The financial risk management of the Group is disclosed in note 4 of the accounts.

Going Concern

The Company is required to have sufficient resources to cover the expected running costs of the business for a period of at least 12 months after the issue of these financial statements. Further to the equity placing, directors’ subscription and offer for subscription concluded in April 2021 the Group has in a severe but plausible downside scenario surplus funds significantly in excess of the outstanding commitments to conclude the GBA Concept Select work programmes and the ongoing operator overheads and licence fees beyond November 2022. The farm-out process launched in March 2021 to secure a new industry partner and material associated funding to progress the GBA Development Project through FEED and to FID and beyond is currently expected to conclude in Q3 2021. Subject to securing suitable funding from this process, development work will continue at pace. Delays to the farm-out process may serve to slow the pace of development and may delay the date at which the project achieves FID. Given JOG currently owns and operates 100% of the project, the rate at which JOG may choose to progress the project is entirely within its control and hence the Company’s current cash reserves are therefore expected to more than exceed its estimated liabilities. Based on these circumstances, the Directors have considered it appropriate to adopt the going concern basis of accounting in preparing its consolidated financial statements.

Board Committees

Information on the Audit Committee, Remuneration Committee and Nomination Committee is included in the Corporate Governance section, the Audit Committee Report and the Remuneration Report contained in this Annual Report.

Disclosure of Information to the Auditors

Each of the Directors at the date of approval of this report confirms that:

- (1) So far as the Director is aware, there is no relevant audit information of which the Company’s auditors are unaware; and
- (2) Each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company’s auditors are 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 Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as Auditors will be proposed at the forthcoming Annual General Meeting at a fee to be agreed in due course by the Audit Committee and the Directors.

Annual General Meeting

The Annual General Meeting will be held on 2nd June 2021 as stated in the Notice of Meeting.

On behalf of the Board



Vicary Gibbs

Chief Financial Officer
5 May 2021

DIRECTORS' RESPONSIBILITIES

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and Company Financial Statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Under Company law, Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

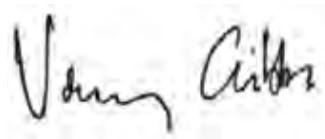
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

In the case of each Director in office at the date the Directors' Report is approved:

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



Vicary Gibbs

Chief Financial Officer
5 May 2021

AUDIT COMMITTEE REPORT



“A key component of our work going forward will be to ensure that our financial systems and controls work seamlessly alongside JOG’s growing level of activities.”

Marcus Stanton
Non-Executive Chairman

Introduction

This Audit Committee Report has been prepared by the Audit Committee and approved by the Board.

Membership and meetings held

The Audit Committee is chaired by Marcus Stanton and its other member during 2020 was Frank Moxon (both Non-Executive Directors), with Les Thomas joining the Committee in April 2021. The Committee formally met five times during 2020, linked both to events in the Company’s financial calendar and to certain ad hoc matters. In addition, an informal meeting of the committee was held in connection with the 2020 Annual Report and Accounts, approximately one week before a formal meeting to discuss the same. In order to encourage greater understanding and involvement in the work of the Audit Committee, the Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer attended certain of these meetings. The external audit partner also attended the meeting held in connection with the Company’s 2020 Report and Accounts.

Role of the Audit Committee

The Terms of Reference for the Audit Committee, which have been prepared in accordance with the QCA Code, provide for the Committee’s main responsibilities to include:

- Monitoring the independence and objectivity of the Auditors,
- Reviewing and approving the external auditor’s terms of

engagement, scope of work, fees, the findings arising from the external audit work and external audit performance,

- Monitoring the integrity of the Group’s published financial information,
- Reviewing the risk identification and risk management processes of the Group, and
- Reviewing the Group’s procedures to prevent bribery and corruption in addition to ensuring that appropriate whistleblowing arrangements are in place.

Internal Audit

Due to the current size of the business, it is not considered appropriate to have an internal audit function.

Key Areas of Focus

The Committee’s particular areas of focus during the year were as follows:

- Review of the 2020 Annual Report and the accounting for our licence interests,
- Review of the interim results for the six months ended 30 June 2020,
- Review of the 2021 cash budget,
- Review, update and revision of the Company’s Financial Reporting Policies and Procedures.
- Provisioning in relation to settlement if the claim for uplift fees from TGS-NOPEC Geophysical Company ASA.

- Work on ensuring our financial systems and controls are appropriate for the Company’s growing level of activities.

Management of Risk

As in previous years, it was decided to continue with the Group practice of the oversight of risk, and risk management, being the responsibility of the Board as a whole, rather than a sub-committee. This is put into effect by the preparation of Risk Registers, maintained by the Chief Operating Officer, which is presented and discussed at every Board meeting.

Marcus Stanton
Chairman of the Audit Committee
5 May 2021

REMUNERATION REPORT



Despite significant operational progress during 2020, which resulted in key project milestones being achieved in early 2021, there were no changes to the remuneration of Executive Directors.”

Frank Moxon

Chairman of the Remuneration Committee

Introduction

This Remuneration Report has been prepared by the Remuneration Committee and approved by the Board. The Committee is committed to transparent and quality disclosure. Our report for 2020 sets out the details of the remuneration policy for the Directors, describes its implementation and discloses the amounts paid during the year. As permitted under the Companies Act relating to companies listed on AIM, this Remuneration Report has not been audited.

In 2019 the Executive Directors received significant pay awards, to align remuneration levels with comparable positions within JOG's peer group and in relation to the market-based remuneration levels provided to new joiners. In contrast, despite significant operational progress during 2020, which resulted in key project milestones being achieved in early 2021, there were no changes to the remuneration of Executive Directors. Their remuneration will next be reviewed after the culmination of the GBA sales process during 2021.

Membership and meetings held

The Remuneration Committee is chaired by Frank Moxon and its other member during 2020 was Marcus Stanton (both Non-Executive Directors), with Les Thomas joining the Board in 2020. The Committee met three times during 2020.

Remuneration policy

The Committee aims to ensure that total remuneration is set at an appropriate level for the Group and its operations.

The objectives and core principles of the remuneration policy are to ensure:

- remuneration levels support the Group's strategy;
- an appropriate link between performance and reward;
- alignment of Directors, senior management and shareholder interests;
- alignment with industry peer group norms;
- linking of long-term incentives to shareholder returns;
- recruitment, retention and motivation of individuals with the skills, capabilities and experience to achieve Group objectives; and
- good teamwork by enabling all employees to share in the success of the business.

There are four possible elements that can make up the remuneration packages for Executive Directors, senior management and employees:

- basic annual salary or fees;
- benefits in kind;
- discretionary annual bonus; and
- a long-term incentive plan, the Jersey Oil and Gas PLC 2016 Enterprise Management Incentive and Unapproved Share Option Plan (the "Share Option Plan").

Performance of the Company in 2020

As detailed in both the Chairman and CEO's reports much progress has been made at both the Company and with the Project in 2020. At the Corporate level our strategic focus on our core area resulted in two acquisitions and a licence award in the 32nd Round. Collectively this has resulted in JOG now owning 100% equity and operatorship across all of the GBA licences. Strong progress for the Project Team followed with the conclusions of the major workstreams of Concept Select defining a major new area hub development that has scale and upside potential with highly attractive economics and industry leading low carbon emissions through the use of platform electrification.

The focus throughout 2020 was on advancing JOG's 100% owned Greater Buchan Area ("GBA") project through the Concept Select Phase with a development plan aiming for first oil in late 2025. This low carbon project has a pre-tax net present value of US\$1.7 billion and an internal rate of return in excess of 25%. At the same time, JOG's contingent resource base increased by 39% to 172 MMboe following a comprehensive subsurface evaluation, and four high-graded and drill-ready exploration prospects with combined resource estimates of 220 MMboe were announced.

Key activities for 2020

- Reviewed remuneration of Executive Directors leaving their salaries and benefits unchanged and awarding no bonuses;
- Made option awards to employees (but not Directors) in July 2020 which, due to multiple close periods, were not granted until January 2021;
- Approved the vesting of the final tranche of share options granted to directors and employees in May 2013, the final tranche of options granted to employees in January 2018 and the first tranche of options granted to Executive Directors and employees in January 2019, any relevant performance conditions having been deemed by the Committee to have been met;
- Recommended that the overall ten-year limit on share option grants under the 2016 Enterprise Management Incentive and Unapproved Share Option Plan ("Share Option Scheme") be increased from 10% to 15%; and
- Deferred the annual Board and committee evaluation review process until late 2021.

Advisers

h2glenfern Limited ("h2glenfern") was appointed in 2017 to act as independent adviser to the Committee. During 2020 h2glenfern advised the Committee on its review of the Share Option Scheme's overall ten-year limit and assisted with the associated consultation with the Company's then major shareholders. The Committee is of the view that h2glenfern provides independent remuneration advice to the Committee and does not have any connections with the Group that may impair its independence. h2glenfern reported directly to the Committee and provided no other services to the Company.

Basic salary

The basic salaries of Executive Directors are normally determined by the Committee around the end of each year with any changes usually taking effect from 1 January of the following year. Salaries are reviewed and adjusted taking into account individual performance, market factors and sector conditions.

The annual salaries of JA Benitz and RJ Lansdell as at 1 January 2020 were both £250,000 (2019: £165,000). The salary of VJ Gibbs as at 1 January 2020 was £220,000 (2019: £150,000). When last benchmarked by h2glenfern in November 2019, current salary levels placed JA Benitz and RJ Lansdell within the lower quartile of the salaries of lead executives at comparable companies and VJ Gibbs below the median level for CFO roles.

The Committee recognises that pay awards to Executive Directors in 2019, which better aligned remuneration with the Company's peer group, were significant and that the culmination of concept select work during 2020 and early 2021 and plans to seek a partner for the Greater Buchan Area project ("GBA Sales Process") in 2021 will determine, and could significantly increase, the future scale and direction of the Company's business activities.

It therefore recommended that no increases to Executive Director salaries should be made in 2020 but that they would be reviewed again, at the Remuneration Committee's discretion, as the GBA Sales Process progresses.

Benefits in kind and cash equivalents

Benefits provided to Executive Directors during the year comprised life and income protection insurance and private health insurance. In addition, JA Benitz receives a 10% matching pension contribution while RJ Lansdell and VJ Gibbs take an 8% cash alternative.

Discretionary bonuses

No bonus awards were made to Executive Directors for performance during 2020. The Committee will review performance on completion of the GBA Sales Process and may award interim bonuses in the event of a successful outcome.

Recognising the challenges of transitioning to working from home during much of 2020 as a result of the Covid-19 pandemic and their dedication and commitment in continuing essential concept select work, a nominal cash bonus was paid to employees in December 2020.

Share Option Plan

Under the terms of the Company's 2016 Enterprise Management Incentive and Unapproved Share Option Plan, Directors and employees are eligible for awards. EMI options are subject to an aggregate limit of £3m and an individual limit of £250,000 by market value of shares. Performance conditions are not required but options can be granted with performance conditions, vesting schedules or both. Performance conditions can apply to individual tranches within grants. Performance conditions can be amended, provided they are still deemed a fair measure of performance and not materially more easy or difficult to satisfy as a result. Upon any change of control, all options vest in full and any performance conditions are not applied.

Like many smaller E&P companies, JOG made extensive use of share options to incentivise Executive Directors and employees, particularly during its early phase of development when cash has been significantly constrained. To progress concept select work during 2020 required a significant number of senior technical and project management hires and the Company's workforce may need to expand significantly as the Greater Buchan Area Development project progresses towards front end engineering and design (FEED) phase.

Having consulted with the Company's major shareholders at the time, the Committee recommended that the overall ten-year limit on share option grants under the 2016 Enterprise Management Incentive and Unapproved Share Option Plan be increased from 10% to 15%. This will enable the Company to continue to attract, retain and motivate individuals with appropriate skills, qualifications and experience. In awarding future options, the Committee will continue to strike a balance between making effective levels of award while recognising and limiting the dilutive effect on shareholders.

No share option awards were made to Directors during 2020.

Share option awards were made in early 2021, to both Directors and employees, subsequent to which the total amount of share options outstanding remains below 10% of the Company's total issued share capital.

REMUNERATION REPORT

Executive Directors' service contracts

The principal termination provisions of the Executive Directors' service contracts, as amended by any relevant deed of variation, are summarised below. Executive Directors' service contracts are available to view at the Company's registered office.

	J A Benitz	R J Lansdell	V J Gibbs
Effective contract date	11.03.19	11.03.19	11.03.19
Unexpired term	Rolling contract	Rolling contract	Rolling contract
Notice period	12 months save that, in certain circumstances (including material changes to contract terms or non-consensual relocation), the Executive may provide 30 days' notice.	12 months save that, in certain circumstances (including material changes to contract terms or non-consensual relocation), the Executive may provide 30 days' notice.	12 months

Non-executive Directors' fees

The Non-Executive Directors receive an annual fee for carrying out their duties and responsibilities. The level of such fees is set and reviewed annually by the Board, excluding the Non-Executive Directors. The annual fees for M J Stanton (Chairman) and F H Moxon (Non-Executive Director) of £65,000 and £45,000, respectively, have remained unchanged since November 2019. The Non-Executive Directors do not receive additional fees for acting as members of the Board's various committees. During 2020, F H Moxon received £10,500 in additional fees for time spent, over and above his contractual time commitment, on a one-off project related to the Company's strategy and governance.

Non-executive Directors' letters of appointment

The principal termination provisions of the Non-executive Directors' letters of appointment, as amended by any relevant deed of variation, are summarised below. Non-executive Directors' letters of appointment are available to view at the Company's registered office.

	F H Moxon	M J Stanton	Les Thomas
Date of appointment	11.03.19	11.03.19	13.04.21
Unexpired term	Rolling contract	Rolling contract	Rolling contract
Notice period	3 months	3 months	3 months
Loss of office compensation	No	No	No

Directors' Emoluments

Presented in £'000	Year ended 31 December 2020					Year ended 31 December 2019				
	Salary ⁽¹⁾ or fees	Pension	Benefits	Bonus	Total	Salary ⁽¹⁾ or fees	Pension	Benefits	Bonus	Total
Executive Directors										
J A Benitz	250	25	5	–	280	194	–	2	100	296
R J Lansdell	270	–	7	–	277	194	–	7	100	301
V J Gibbs	238	–	5	–	243	175	–	4	60	239
	758	25	17	–	800	563	–	13	260	836
Non-Executive Directors										
M J Stanton	65	–	–	–	65	57	–	–	–	57
F H Moxon ⁽²⁾	56	2	–	–	58	36	1	–	–	37
	121	2	–	–	123	93	1	–	–	94
Total Directors	879	27	17	–	923	656	1	13	260	930

Notes: [1] Salary includes an 8% cash contribution as an alternative to a matching 10% pension contribution if elected. [2] Mr Moxon's base salary was £45,000. He received additional fees of £10,500 for time spent on a one-off strategy and governance project.

Options held by Directors serving at 31 December 2020 are set out below.

	At 1 Jan 2019 '000s	Issued '000s	Exercised '000s	Lapsed '000s	At 31 Dec 2019 '000s	Issued '000s	Exercised '000s	Lapsed '000s	At 31 Dec 2020 '000s
Executive Directors									
J A Benitz									
At 110.0p [note 1] [exercisable by 29.11.21]	180	–	–	–	180	–	–	–	180
At 200.0p [note 2] [exercisable by 29.01.25]	180	–	–	–	180	–	–	–	180
At 175.0p [note 6] [exercisable by 17.01.26]	–	70	–	–	70	–	–	–	70
	360	70	–	–	430	–	–	–	430
R J Lansdell									
At 110.0p [note 1] [exercisable by 29.11.21]	180	–	–	–	180	–	–	–	180
At 200.0p [note 2] [exercisable by 29.01.25]	180	–	–	–	180	–	–	–	180
At 175.0p [note 6] [exercisable by 17.01.26]	–	70	–	–	70	–	–	–	70
	360	70	–	–	430	–	–	–	430
V J Gibbs									
[appointed 14.11.18] At 172.0p [note 4] [exercisable by 14.11.25]	150	–	–	–	150	–	–	–	150
At 175.0p [note 6] [exercisable by 17.01.26]	–	40	–	–	40	–	–	–	40
	150	40	–	–	190	–	–	–	190
Non-executive Directors									
M J Stanton									
At 4,300.0p [note 5] [exercisable by 12.03.21]	2	–	–	–	2	–	–	–	2
At 110.0p [note 1] [exercisable by 29.11.21]	40	–	–	–	40	–	–	–	40
At 200.0p [note 3] [exercisable by 29.01.23]	40	–	–	–	40	–	–	–	40
At 175.0p [note 7] [exercisable by 17.01.24]	–	20	–	–	20	–	–	–	20
	82	20	–	–	102	–	–	–	102
F H Moxon									
At 110.0p [note 1] [exercisable by 29.11.21]	20	–	–	–	20	–	–	–	20
At 200.0p [note 3] [exercisable by 29.01.23]	20	–	–	–	20	–	–	–	20
At 175.0p [note 7] [exercisable by 17.01.24]	–	15	–	–	15	–	–	–	15
	40	15	–	–	55	–	–	–	55
Total	992	215	–	–	1,207	–	–	–	1,207

Notes:

- Granted on 29 November 2016 under the Share Option Plan. Options vest in equal portions over a three-year period from the date of grant. One third vested immediately, one third vested on 29 November 2017 and the remaining third are due to vest, subject to satisfaction of a performance condition, on 29 November 2018. The Share Options are exercisable at any time up to 29 November 2021 and if not exercised by that date will lapse.
- Granted on 29 January 2018 under the Share Option Plan. Options vest entirely on the third anniversary of their date of grant subject to satisfaction of certain performance conditions. Subject to vesting, the Share Options are exercisable at any time up to 29 January 2025 and if not exercised by that date will lapse.

REMUNERATION REPORT

3. Granted on 29 January 2018 under the Share Option Plan. Options vest entirely on the third anniversary of their date of grant and have no performance conditions. Subject to vesting, the Share Options are exercisable at any time up to 29 January 2023 and if not exercised by that date will lapse.
4. Granted on 14 November 2018 under the Share Option Plan. Options vest entirely on the third anniversary of their date of grant subject to satisfaction of certain performance conditions. Subject to vesting, the Share Options are exercisable at any time up to 14 November 2025 and if not exercised by that date will lapse.
5. Granted on 13 March 2011 under an Individual Option Agreement. The options [to the extent that they have not lapsed] may be exercised at any time after the date of grant.
6. Granted on 17 January 2019 under the Share Option Plan. Options vest in three equal tranches [one, two and three years from the date of grant] and are subject to the satisfaction of certain performance conditions to be determined and interpreted at the discretion of the Remuneration Committee. Subject to vesting and such performance conditions being met, the new Options are exercisable for up to seven years from their date of grant and will lapse if not exercised by such date.
7. Granted on 17 January 2019 under the Share Option Plan. Options vest in three equal tranches [one, two and three years from the date of grant] and have no performance conditions. Subject to vesting and such performance conditions being met, the new Options are exercisable for up to five years from their date of grant and will lapse if not exercised by such date.

Post balance sheet events

On 28th January 2021, 250,000 share options were granted to employees [but not Directors] at an exercise price of 155p. These had been awarded in July 2020 but could not be granted until January 2021 due to multiple close periods.

On 18th March 2021, 330,000 share options were granted to Directors and 192,000 to employees at an exercise price of 210p [a premium of 15.7% to the previous day's middle market closing price]. Post the equity placing, directors subscription and offer for subscription completed in April 2021 the total number of share options outstanding as a percentage of issued share capital is less than 9%.

On 13th April 2021, Les Thomas was appointed as a non-executive director of the Company. The terms of his letter of appointment provide for a rolling contract with a notice period of three months, no compensation for loss of office and an annual fee of £40,000.

Shareholder feedback

The objective of this report is to communicate the remuneration of the Directors and how this is linked to performance. In this regard the Board is committed to maintaining an open and transparent dialogue with shareholders and is always interested to hear their views on remuneration matters.



Frank Moxon

Chairman of the Remuneration Committee
5 May 2021

INDEPENDENT AUDITORS' REPORT

to the members of Jersey Oil and Gas plc



Report on the audit of the financial statements

Opinion

In our opinion, Jersey Oil and Gas plc's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2020 and of the group's loss and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated and Company Statements Of Financial Position as at 31 December 2020; the Consolidated Statement Of Comprehensive Income, the Consolidated and Company Statements Of Changes In Equity and the Consolidated and Company Statements Of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing [UK] ("ISAs [UK]") and applicable law. Our responsibilities under ISAs [UK] are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

Audit scope

- We have performed a full scope audit of Jersey Petroleum Limited, the component which holds all licenses held by the group, and the plc entity. Both components were selected due to their size and risk. No audit work was performed outside of the UK. No other component auditors or firms were involved in reporting for the purposes of the consolidated opinion.

Key audit matters

- Going Concern (group and company)
- Impact of Covid-19 on the financial statements (group and company)

Materiality

- Overall group materiality: £208,000 (2019: £231,000) based on 1% of total assets.
- Overall company materiality: £200,000 (2019: £225,000) based on an allocation of group materiality.
- Performance materiality: £156,000 (group) and £150,000 (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

INDEPENDENT AUDITORS' REPORT

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
<p>Going Concern (group and company)</p> <p>At 31 December 2020 the group holds £5.1 million of cash and cash equivalents. Under accounting standards the Directors are required to make an assessment on whether the group and company can continue as a going concern for at least 12 months after the date of the approval of the financial statements. Given the group does not generate any revenue and currently has no financing facilities, there is a risk that the cash held is not sufficient to meet the group's liabilities as they fall due for a period of at least 12 months after the date of the financial statements. Our risk assessment focussed on the completeness of costs in management's severe but plausible downside forecast and whether this future spend was within management's control. Please refer to note 2 in the consolidated financial statements for management's conclusions regarding going concern.</p>	<p>The procedures performed in respect of going concern and our findings are set out in the "Conclusions relating to going concern" section below.</p>
<p>Impact of Covid-19 on the financial statements (group and company)</p> <p>During the course of the audit both management and the group engagement team have considered the impact that the ongoing COVID-19 pandemic has had on the group's activities, the financial statements and the oil price environment. The group's assessment has concluded that there is minimal impact to current activities as the group can continue to work towards the development of the Greater Buchan Area remotely. However, due to the significance of the pandemic, the group has concluded it is appropriate to disclose the impact as a principal strategic and operational risk. As a result of the impact of the pandemic on the wider financial markets and economic environment, we have determined that the impact of COVID-19 should be a key audit matter.</p>	<p>We have performed the following procedures to address the impact that COVID-19 has on the financial statements:</p> <ul style="list-style-type: none"> • We held discussions with senior management about the impact that COVID-19 has on the Greater Buchan Area development plan. • We considered the impact that COVID-19 may have on the carrying value of assets, concluding that despite the reduction in oil price during 2020, management's impairment assessment was conducted in accordance with IFRS 6 Exploration for and evaluation of mineral resources and IAS 36 Impairment of assets, and that no impairment triggers arose. • We considered the impact COVID-19 has on management's going concern assessment. This included consideration of the impact of the resulting drop in oil price. Given the group does not plan to achieve first oil until 2025, we concur with management's view that sensitivities at current oil prices would not be appropriate. • We have reviewed management's Covid-19 related disclosures in the Annual Report and deem them to be appropriate. We concluded that management's assessment on the impact of COVID-19 on the financial statements is reasonable.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate. The group financial statements are a consolidation of four components. Additionally there are three dormant subsidiaries which do not significantly impact the group consolidated position. In establishing the overall approach for the group audit, we determined the type of work that needed to be performed over the components. We identified two financially significant components [Jersey Oil and Gas plc and Jersey Petroleum Limited] that, in our view, required full scope audits due to their relative size in the group. The audit of these full scope components was performed by the group engagement

team in the UK. Together, the full scope components scoped into our audit included 99% of the consolidated total assets of the group. We also performed testing on the group consolidation adjustments as a separate component.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

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

	Financial statements – group	Financial statements – company
Overall materiality	£208,000 [2019: £231,000].	£200,000 [2019: £225,000].
How we determined it	1% of total assets	Allocation of group materiality
Rationale for benchmark applied	A benchmark of total assets is deemed to be the most appropriate measure used by shareholders in assessing the performance of the group. This is based on users of the financial statements focusing on the recoverable value of assets on the balance sheet and the cash balance as this is what will fund future development.	The allocation reflects the Company's relative contribution to the Group's total assets capped at overall Group materiality.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was £40,000 and £200,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £156,000 for the group financial statements and £150,000 for the company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £10,400 [group audit] [2019: £11,550] and £11,000 [company audit] [2019: £11,975] as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining and challenging management's downside scenario that underpin the going concern assessment, corroborating committed costs to underlying support on a sample basis and challenging the reasonableness of baseline operating costs. Management's forecast shows that 12 months from the date of financial statements there will be significant cash headroom over the group's liabilities.
- We checked the mathematical accuracy of management's cash flow forecast.
- Obtaining evidence of the opening cash position in April 2021 and confirming the £16m equity raise in April 2021 which support's management's going concern position.
- Holding discussions with both finance and operational management regarding the future development plans.
- Performing sensitivity analysis over key assumptions which did not give rise to any significant risks.
- Obtaining representations from management confirming their proposed actions in a severe but plausible downside case.

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 group's and 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.

INDEPENDENT AUDITORS' REPORT

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' 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 auditors' 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.

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.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to International Accounting Standards, AIM Rules for Companies and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to potential management bias in accounting estimates and disclosures on the future prospects of the company. Audit procedures performed by the engagement team included:

- Enquiries made of management and internal legal counsel of their awareness of any instances of actual or potential litigation and claims.
- Review of minutes of meetings of the Board of Directors.
- Review of financial statement disclosures and testing to supporting documentation where applicable, to assess compliance with applicable laws and regulations.
- Identifying and testing journal entries with specific focus on entries within unusual account combinations in response to the risk of management override.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

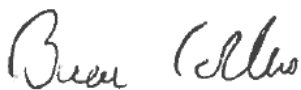
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

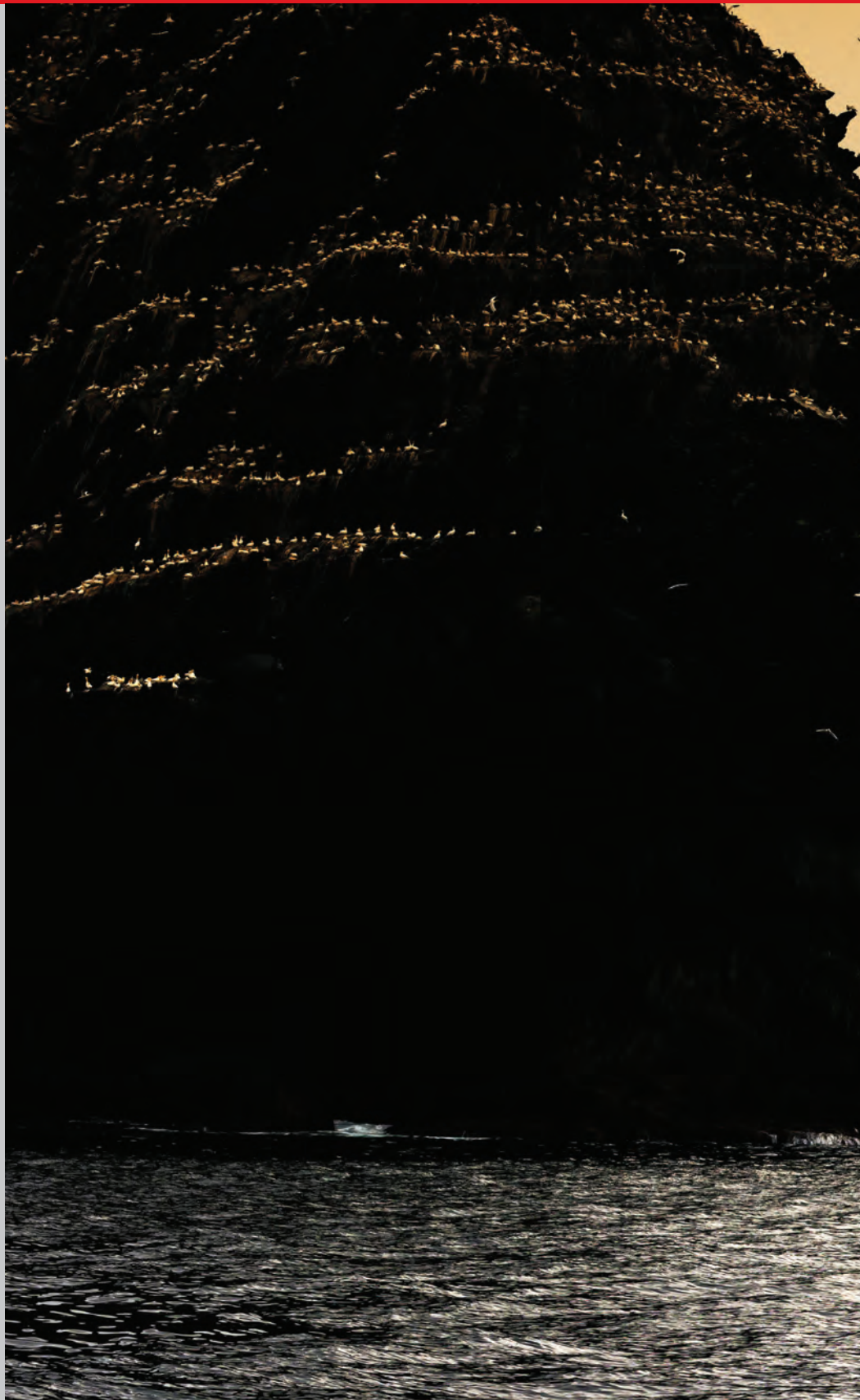
We have no exceptions to report arising from this responsibility.



Bruce Collins (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen
5 May 2021

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OUR FINANCIALS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2020

	Note	2020 £	2019 £
Revenue	3	–	–
Cost of sales		(53,046)	[666,053]
Gross loss		(53,046)	[666,053]
Other income	6	–	750,000
Other gains/(losses)	8	(637,028)	–
Loss on sale of assets		–	[17,975]
Administrative expenses		(2,111,532)	[2,237,429]
Operating loss		(2,801,606)	[2,171,457]
Finance income	7	27,937	106,867
Finance expense	7	(8,262)	[419]
Loss before tax	8	(2,781,931)	[2,065,009]
Tax	9	–	–
Loss for the year		(2,781,931)	[2,065,009]
Total comprehensive loss for the year		(2,781,931)	[2,065,009]
Total comprehensive loss for the year attributable to:			
Owners of the parent		(2,781,931)	[2,065,009]
Loss per share expressed in pence per share:			
Basic	10	(12.74)	[9.46]
Diluted	10	(12.74)	[9.46]

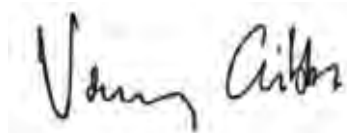
The notes on pages 57 to 72 are an integral part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2020

	Note	2020 £	2019 £
Non-current assets			
Intangible assets - Exploration costs	11	14,991,295	10,092,564
Property, plant and equipment	12	74,549	13,661
Right-of-use assets	13	197,374	121,310
Deposits		82,642	28,420
		15,345,860	10,255,955
Current assets			
Trade and other receivables	14	401,440	471,125
Cash and cash equivalents	15	5,081,515	12,318,536
		5,482,955	12,789,661
Total assets		20,828,815	23,045,616
Equity			
Called up share capital	16	2,466,144	2,466,144
Share premium account		93,851,526	93,851,526
Share options reserve	20	2,109,969	1,928,099
Accumulated losses		(78,509,819)	(75,727,888)
Reorganisation reserve		(382,543)	(382,543)
Total equity		19,535,277	22,135,338
Liabilities			
Non-current liabilities			
Lease Liabilities	18	101,270	154,208
		101,270	154,208
Current liabilities			
Trade and other payables	17	1,069,620	742,166
Lease Liabilities	13	122,648	13,904
		1,192,268	756,070
Total liabilities	17	1,293,538	910,278
Total equity and liabilities		20,828,815	23,045,616

The financial statements on pages 54 to 56 were approved by the Board of Directors and authorised for issue on 5 May 2021. They were signed on its behalf by Vicary Gibbs – Chief Financial Officer.



Vicary Gibbs

Chief Financial Officer

5 May 2021

Company Registration Number: 07503957

The notes on pages 57 to 72 are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

	Called up share capital £	Share premium account £	Share options reserve £	Accumulated losses £	Reorganisation reserve £	Total equity £
At 1 January 2019	2,466,144	93,851,526	1,491,019	(73,662,879)	(382,543)	23,763,267
Loss and total comprehensive loss for the year	-	-	-	(2,065,009)	-	(2,065,009)
Share based payments	-	-	437,080	-	-	437,080
At 31 December 2019 and 1 January 2020	2,466,144	93,851,526	1,928,099	(75,727,888)	(382,543)	22,135,338
Loss and total comprehensive loss for the year	-	-	-	(2,781,931)	-	(2,781,931)
Share based payments	-	-	181,870	-	-	181,870
At 31 December 2020	2,466,144	93,851,526	2,109,969	(78,509,819)	(382,543)	19,535,277

The following describes the nature and purpose of each reserve within owners' equity:

Reserve	Description and purpose
Called up share capital	Represents the nominal value of shares issued
Share premium account	Amount subscribed for share capital in excess of nominal value
Share options reserve	Represents the accumulated balance of share-based payment charges recognised in respect of share options granted by the Company less transfers to accumulated deficit in respect of options exercised or cancelled/lapsed
Accumulated losses	Cumulative net gains and losses recognised in the Consolidated Statement of Comprehensive Income
Reorganisation reserve	Amounts resulting from the restructuring of the Group at the time of the Initial Public Offering (IPO) in 2011

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Cash used in operations	22	(2,160,164)	(1,769,004)
Net interest received	7	27,937	106,867
Net interest paid	7	(8,262)	(419)
Net cash used in operating activities		(2,140,489)	(1,662,556)
Cash flows from investing activities			
Proceeds on sale of tangible assets		-	3,603
Purchase of intangible assets	11	(4,898,731)	(5,785,975)
Purchase of tangible assets	12	(84,865)	(19,047)
Net cash used in investing activities		(4,983,596)	(5,801,419)
Cash flows from financing activities			
Principal elements of lease payments		(112,936)	-
Net cash generated from financing activities		(112,936)	-
Decrease in cash and cash equivalents	22	(7,237,021)	(7,463,975)
Cash and cash equivalents at beginning of year	22	12,318,536	19,782,511
Cash and cash equivalents at end of year	22	5,081,515	12,318,536

The notes on pages 57 to 72 are an integral part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2020

1. General information

Jersey Oil and Gas plc (the “Company”) and its subsidiaries (together, the “Group”) are involved in the upstream oil and gas business in the UK.

The Company is a public limited company incorporated and domiciled in the United Kingdom and quoted on AIM, a market operated by London Stock Exchange plc. The address of its registered office is 10 The Triangle, ng2 Business Park, Nottingham, NG2 1AE.

2. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of Accounting

These financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Going Concern

The Company is required to have sufficient resources to cover the expected running costs of the business for a period of at least 12 months after the issue of these financial statements. Further to the equity placing and offer for subscription concluded in April 2021 the Company has in a severe but plausible downside scenario surplus funds significantly in excess of the outstanding commitments to conclude the GBA Concept Select work programmes and the ongoing Operator overheads and licence fees beyond November 2022. The farm-out process launched in March 2021 to secure a new partner and material associated funding to progress the GBA Project through FEED and to FID and beyond is expected to conclude in Q3 2021. Subject to securing suitable funding from this process development work will continue at pace. Delays to the farm-out process may serve to slow the pace of development and may delay the date at which the project achieves FID. Given JOG currently owns and operates 100% of project, the rate at which JOG may choose to progress the project is entirely within its control and hence the Company’s current cash reserves are therefore expected to more than exceed its estimated liabilities. Based on these circumstances, the Directors have considered it appropriate to adopt the going concern basis of accounting in preparing the Company’s financial statements.

Changes in Accounting Policies and Disclosures

The group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

- Definition of Material – Amendments to IAS 1 and IAS 8;
- Definition of a Business – Amendments to IFRS 3;
- Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7; and
- Revised Conceptual Framework for Financial Reporting.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Significant Accounting Judgements and Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities at the date of the financial statements. If in future such estimates and assumptions, which are based on management’s best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change. The Group’s accounting policies make use of accounting estimates and judgements in the following areas:

- The assessment of the existence of impairment triggers (note 11).
- The estimation of share-based payment costs (note 20).

Impairments

The Group tests its capitalised exploration licence costs for impairment when facts and circumstances suggest that the carrying amount exceeds the recoverable amount. The recoverable amounts of Cash Generating Units are determined based on fair value less costs of disposal calculations. There were no impairment triggers in 2020 and no impairment charge has been recorded.

Share-Based Payments

The Group currently has a number of share schemes that give rise to share-based charges. The charge to operating loss for these schemes amounted to £181,870 (2019: £437,080). For the purposes of calculating the fair value of the share options, a Black– Scholes option pricing model has been used. Based on past experience, it has been assumed that options will be exercised, on average, at the mid-point between vesting and expiring. The share price volatility used in the calculation is based on the actual volatility of the Company’s shares, since 1 January 2017. The risk-free rate of return is based on the implied yield available on zero coupon gilts with a term remaining equal to the expected lifetime of the options at the date of grant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2020

2. Significant accounting policies continued

Basis of Consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern their financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de facto control. De facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other Shareholders give the Group the power to govern the financial and operating policies.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the Group ceases to have control.

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability are recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated on consolidation. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Acquisitions, Asset Purchases and Disposals

Acquisitions of oil and gas properties are accounted for under the purchase method where the acquisitions meet the definition of a business combination.

Transactions involving the purchase of an individual field interest, farm-ins, farm-outs, or acquisitions of exploration and evaluation licences for which a development decision has not yet been made that do not qualify as a business combination, are treated as asset purchases. Accordingly, no goodwill or deferred tax arises. The purchase consideration is allocated to the assets and liabilities purchased on an appropriate basis. Proceeds on disposal (including farm-ins/farm-outs) are applied to the carrying amount of the specific intangible asset or development and production assets disposed of and any surplus is recorded as a gain on disposal in the Statement of Comprehensive Income.

2. Significant accounting policies continued

Intangible assets are recognised at acquisition at the cost paid using the cost accumulation model. Variable payments are not included in the carrying amount of the asset at acquisition, and no liability is recognised for the contingent consideration. The Group does not recognise a liability because, following the IFRIC agenda decision (March 2016), it is not clear that there is an obligation before the uncertainty is resolved.

Exploration and Evaluation Costs

The Group financial statements for oil and gas exploration and evaluation costs using IFRS 6 "Exploration for and Evaluation of Mineral Resources". Such costs are initially capitalised as Intangible Assets and include payments to acquire the legal right to explore, together with the directly related costs of technical services and studies, seismic acquisition, exploratory drilling and testing. The Group only capitalises costs as intangible assets once the legal right to explore an area has been obtained. The Group assesses the intangible assets for indicators of impairment at each reporting date. For the purposes of impairment the group allocates all of its licences to one cash generating unit. The Group considers this to be appropriate due to the future interdependency of these fields.

Potential indicators of impairment include but are not limited to:

- the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.
- substantive expenditure on further exploration for and evaluation of oil and gas reserves in the specific area is neither budgeted nor planned.
- exploration for and evaluation of oil and gas reserves in the specific area have not led to the discovery of commercially viable quantities of oil and gas reserves and the entity has decided to discontinue such activities in the specific area.
- sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

In the event an impairment trigger is identified the Group performs a full impairment test for the asset under the requirements of IAS 36 Impairment of assets. An impairment loss is recognised for the amount by which the exploration and evaluation assets' carrying amount exceeds their recoverable amount. The recoverable amount is the higher of the exploration and evaluation assets' fair value less costs to sell.

Property, Plant and Equipment

Property, plant and equipment is stated at historic purchase cost less accumulated depreciation. Asset lives and residual amounts are reassessed each year. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation on these assets is calculated on a straight-line basis as follows:

Computer & office equipment	3 years
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Leases

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2020

2. Significant accounting policies *continued*

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise any lease with a value of £5,000 or less.

Joint Ventures

The Group participates in joint venture/operation agreements with strategic partners. The Group accounts for its share of assets, liabilities, income and expenditure of these joint venture agreements and discloses the details in the appropriate Statement of Financial Position and Statement of Comprehensive Income headings in the proportion that relates to the Group per the joint venture agreement.

Investments

Fixed asset investments in subsidiaries are stated at cost less accumulated impairment in the Company's Statement of Financial Position and reviewed for impairment if there are any indications that the carrying value may not be recoverable. Measurement is based on the higher of fair value less cost of disposal or value in use.

Financial Instruments

Financial assets and financial liabilities are recognised in the Group's Statement of Financial Position when the Group becomes party to the contractual provisions of the instrument. The Group does not have any derivative financial instruments.

Cash and cash equivalents include cash in hand and deposits held on call with banks with a maturity of three months or less.

The simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables. This involves determining the expected loss rates using a provision matrix that is based on the company's historical default rates observed over the expected life of the receivable and adjusted forward-looking estimates. This is then applied to the gross carrying amount of the receivable to arrive at the loss allowance for the period.

The three-stage approach assesses impairment based on changes in credit risk since initial recognition using the past due criterion and other qualitative indicators such as increase in political concerns or other macroeconomic factors and the risk of legal action, sanction or other regulatory penalties that may impair future financial performance. Financial assets classified as stage 1 have the ECL measured as a proportion of their lifetime ECL that results from possible default events that can occur within one year, while assets in stage 2 or 3 have their ECL measured on a lifetime basis. If the borrower has sufficient accessible highly liquid assets in order to repay the loan if demanded at the reporting date, the expected credit loss is considered immaterial.

If the borrower does not have sufficient accessible highly liquid assets, the ECL is determined by projecting the probability of default (PD), loss given default (LGD) and exposure at default (EAD).

The PD is based on default rates determined by external rating agencies for the counterparties. The LGD is determined based on management's estimate of expected cash recoveries after considering the historical pattern of the receivable, and it assesses the portion of the outstanding receivable that is deemed to be irrecoverable at the reporting period. For intercompany balances, the discounted cashflows of the lender are also considered in calculating the LGD. The EAD is the total amount of outstanding receivable at the reporting period.

These three components are multiplied together, and adjusted for forward looking information, such as crude oil prices, to arrive at a summed ECL in relation to base, optimistic and downturn scenarios, that carry different probability weightings.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the related financial assets and the amount of the loss is recognised in the statement of comprehensive income.

Trade payables are stated initially at fair value and subsequently measured at amortised cost.

2. Significant accounting policies continued

Exceptional Items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

Deferred Tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred taxation liabilities are provided, using the liability method, on all taxable temporary differences at the reporting date. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred income tax assets are recognised 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 reporting date.

Foreign Currencies

The functional currency of the Group and the Company is Sterling. Monetary assets and liabilities in foreign currencies are translated into Sterling at the rates of exchange ruling at the reporting date. Transactions in foreign currencies are translated into Sterling at the rate of exchange ruling at the date of the transaction. Gains and losses arising on retranslation are recognised in the Statement of Comprehensive Income for the year.

Employee Benefit Costs

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to contributions.

Share-Based Payments

Equity settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

The fair value determined at the grant date of the equity settled share-based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity settled employee benefits reserve.

Equity settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Exercise proceeds net of directly attributable costs are credited to share capital and share premium.

Other Income

Other income relates to proceeds received from settlements and is only recognised in the statement of comprehensive income when it is virtually certain the economic benefits will flow to the Group.

Cost of Sales

Within the statement of comprehensive income, costs directly associated with generating revenue are included in cost of sales. The Group only capitalises costs as intangible assets once the legal right to explore an area has been obtained, any costs incurred prior to the date of acquisition are recognised as cost of sales within the statement of comprehensive income.

Share Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2020

3. Segmental reporting

Segmental Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors.

The Board considers that the Group operates in a single segment, that of oil and gas exploration, appraisal, development and production, in a single geographical location, the North Sea of the United Kingdom and do not consider it appropriate to disaggregate data further from that disclosed.

The Board is the Group's chief operating decision maker within the meaning of IFRS 8 "Operating Segments".

During 2020 and 2019 the Group had no turnover. During the 2019 year the Group did receive £750,000 from TEPUK in relation to TEPUK's termination of its 2013 farm-in to licence P2032 (Blocks 21/8c, 21/9c, 21/10c, 21/14a and 21/15b), which has been recognised in the Income Statement as Other Income.

4. Financial risk management

The Group's activities expose it to financial risks and its overall risk management programme focuses on minimising potential adverse effects on the financial performance of the Group. The Company's activities are also exposed to risks through its investments in subsidiaries and it is accordingly exposed to similar financial and capital risks as the Group.

Risk management is carried out by the Directors and they identify, evaluate and address financial risks in close co-operation with the Group's management. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as mitigating foreign exchange risks and investing excess liquidity.

Credit Risk

The Group's credit risk primarily relates to its trade receivables. Responsibility for managing credit risks lies with the Group's management.

A debtor evaluation is typically obtained from an appropriate credit rating agency. Where required, appropriate trade finance instruments such as letters of credit, bonds, guarantees and credit insurance will be used to manage credit risk.

The Group also has a number of joint venture arrangements where co-venturers have made commitments to fund certain expenditure. Management evaluate the credit risk associated with each contract at the time of signing and regularly monitor the creditworthiness of our partners.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group manages its liquidity through continuous monitoring of cash flows from operating activities, review of actual capital expenditure programmes, and managing maturity profiles of financial assets and financial liabilities.

4. Financial risk management continued

Capital Risk Management

The Group seeks to maintain an optimal capital structure. The Group considers its capital to comprise both equity and net debt.

The Group monitors its capital needs on the basis of suitability of the type of capital available at a given stage to the quantum required for that stage of its asset base. Earlier stage assets (pre-production) typically require equity rather than debt given the absence of cash flow to service debt. As the asset mix becomes biased to production then typically more debt is available. The Group seeks to maintain progress in developing its assets in a timely fashion. Given the Group's current cash position is insufficient to progress its assets to first oil it will be seeking to bring an industry partner into its assets in return for a capital (equity) contribution. This may be in the form of either cash or payment of some or all the Group's development expenditures. As the development progresses towards first oil, debt becomes available and will be sought in order to enhance equity returns. JOG's debt today is nil.

The Group monitors its capital structure by reference to its net debt to equity ratio. Net debt to equity ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings less cash and cash equivalents. Total equity comprises all components of equity.

The ratio of net debt to equity as at 31 December 2020 is Nil (2019: Nil).

Maturity analysis of financial assets and liabilities

Financial Assets

	2020 £	2019 £
Up to 3 months	446,082	439,014
3 to 6 months	35,980	10,704
Over 6 months	199,395	171,137
	681,457	620,855

Financial Liabilities

	2020 £	2019 £
Up to 3 months	1,069,620	717,350
3 to 6 months	-	-
Over 6 months	-	-
	1,069,620	717,350

Lease Liabilities

	2020 £	2019 £
Up to 3 months	46,712	1,264
3 to 6 months	40,231	1,274
Over 6 months	136,975	165,574
	223,918	168,112

5. Employees And Directors

	2020 £	2019 £
Wages and salaries	1,841,230	1,519,588
Social security costs	145,605	138,859
Share-based payments (note 20)	181,870	437,080
Other pension costs	181,010	31,462
	2,249,715	2,126,989

Other pension costs include employee and Company contributions to money purchase pension schemes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2020

5. Employees And Directors continued

The average monthly number of employees during the year was as follows:

	2020 £	2019 £
Directors	5	5
Employees – Finance	1	1
Employees – Technical	8	5
	14	11

	2020 £	2019 £
Directors' remuneration	878,100	914,933
Directors' pension contributions to money purchase schemes	26,665	1,012
Benefits	17,104	13,108
	921,869	929,053

The Director's remuneration is shown net of share-based payments.

The average number of Directors to whom retirement benefits were accruing was as follows:

	2020 £	2019 £
Money purchase schemes	2	1

Information regarding the highest paid Director is as follows:

	2020 £	2019 £
Aggregate emoluments and benefits	254,784	300,500
Share-based payments	52,470	40,810
Pension contributions	25,000	–
	332,254	341,310

The Directors did not exercise any share options during the year.

Key management compensation

Key management includes Directors [Executive and Non-Executive]. The compensation paid or payable to key management for employee services is shown below:

	2020 £	2019 £
Wages and short-term employee benefits	895,203	917,183
Share-based payments (note 20)	153,816	371,449
Pension Contributions	26,665	1,262
	1,075,684	1,289,894

6. Other Income

	2020 £	2019 £
Settlement agreement with Total E&P UK Limited	–	750,000
	–	750,000

Settlement agreement with Total E&P UK Limited: Funds received from TEPUK in relation to TEPUK's termination of its 2013 farm-in to licence P2032, [Blocks 21/8c, 21/9c, 21/10c, 21/14a and 21/15b] received in May 2019.

7. Net Finance Income

	2020 £	2019 £
Finance income:		
Interest received	27,937	106,867
	27,937	106,867
Finance costs:		
	(8,262)	[419]
Net finance income	19,675	106,448

8. Loss Before Tax

The loss before tax is stated after charging/(crediting):

	2020 £	2019 £
Depreciation tangible assets	23,977	14,067
Depreciation right-of-use asset	135,493	3,568
Auditors' remuneration – audit of parent company and consolidation	58,000	51,800
Auditors' remuneration – audit of subsidiaries	20,000	18,700
Auditors' remuneration – non-audit work	16,000	–
TGS Settlement	637,028	–
Foreign exchange [gain]/loss	(5,600)	[2,722]

In December 2020 the Company reached a settlement with TGS-Nopec Geophysical Company ASA ("TGS") pursuant to an agreement entered into with TGS on 9 February 2018. Under the agreement, TGS claimed uplift payments from JOG totalling US\$1,050,838 in respect of: a) licence awards to Jersey Petroleum Limited ("JPL") in the Oil & Gas Authority's 31st Supplementary Offshore Licensing Round; and b) the acquisition by JPL of Equinor UK Limited's 70% interest in Licence P2170 (Verbier). The company disputed the validity of both claims, following which two hearings took place in the Norwegian courts. Subsequent to these hearings and, on the basis of legal advice received, the Company agreed a final settlement payment to TGS of US\$850,000 (£637,028).

9. Tax

Reconciliation of tax charge

	2020 £	2019 £
Loss before tax	(2,781,931)	[2,065,009]
Tax at the domestic rate of 19% [2019: 19%]	(528,567)	[392,352]
Capital allowances in excess of depreciation	(957,549)	[1,121,121]
Expenses not deductible for tax purposes and non-taxable income	35,704	110,834
Deferred tax asset not recognised	1,450,412	1,402,639
Total tax expense reported in the Consolidated Statement of Comprehensive Income	–	–

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2020 or for the year ended 31 December 2019.

In April 2023 the rate of corporation tax will increase to 25% as announced in the March 2021 Budget.

The Group has not recognised a deferred tax asset due to the uncertainty over when the tax losses can be utilised. At the year end the usable tax losses within the Group were approximately £46 million [2019: £39 million].

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2020

10. Loss Per Share

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

Diluted loss per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares.

There is no difference between dilutive and ordinary earnings per share due to their being no dilutive shares in the period.

	Loss attributable to ordinary shareholders £	Weighted average number of shares	Per share amount pence
Year ended 31 December 2020			
Basic and Diluted EPS			
Basic & Diluted	(2,781,931)	21,829,227	(12.74)
Year ended 31 December 2019			
Basic and Diluted EPS			
Basic & Diluted	(2,065,009)	21,829,227	[9.46]

11. Intangible Assets

	Exploration costs £
Cost	
At 1 January 2019	4,481,830
Additions	5,785,975
At 31 December 2019	10,267,805
Additions	4,898,731
At 31 December 2020	15,166,536
Accumulated Amortisation	
At 1 January 2019	175,241
Charge for the year	–
Amortisation on disposal	–
At 31 December 2019	175,241
At 31 December 2020	175,241
Net Book Value	
At 31 December 2020	14,991,295
At 31 December 2019	10,092,564

During 2020, the Group acquired an additional 70% working interest in licence P2170 (Verbier). The consideration for the Acquisition consists of two milestone payments, which are considered contingent liabilities, [note 19] US\$3 million upon sanctioning by the UK's Oil & Gas Authority ("OGA") of a Field Development Plan ("FDP") in respect of the Verbier Field; and US\$5 million upon first oil from the Verbier Field. In addition to the existing 18% equity interest and retained 100% working interests in the licences awarded pursuant to the OGA's 31 SLR (2019), Licence P2498 (Buchan and J2), Licence P2499 (Glenn) and Licence P2497 (Zermatt). The Group was also awarded a 100% working interest in, and operatorship of, part-block 20/5e in the OGA's 32 Offshore Licensing Round in 2020. Part-block 20/5e is incorporated within Licence P2498 (Buchan & J2) and is located within the Group's existing Greater Buchan Area.

In line with the requirements of IFRS 6, we have considered whether there are any indicators of impairment on the exploration assets. Based on our assessment, as at 31 December 2020 there are not deemed to be indicators that the licences are not commercial and the carrying value of £14,991,295 continues to be supported by ongoing exploration work on the licence area with no further impairments considered necessary.

12. Property, Plant And Equipment

	Computer and office equipment £
Cost	
At 1 January 2019	160,665
Additions	19,047
Disposals	[36,130]
At 31 December 2019	143,582
Additions	84,865
Disposals	–
At 31 December 2020	228,447
Accumulated Depreciation	
At 1 January 2019	130,401
Charge for the year	14,067
Disposals	[14,547]
At 31 December 2019	129,921
Charge for the year	23,977
Disposals	–
At 31 December 2020	153,898
Net Book Value	
At 31 December 2020	74,549
At 31 December 2019	13,661

13. Leases

Amounts Recognised in the Statement of financial position

	2020 £	2019 £
Right-of-use Assets		
Buildings	197,374	121,310
	197,374	121,310
Lease liabilities		
Current	122,648	13,904
Non-Current	101,270	154,208
	223,918	168,112

On adoption of IFRS 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17, 'Leases'. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3%. The borrowing rate applied for 2020 remained at 3% and the leases relate to office space.

At 1 January 2019 the group held no leases which required restating.

Amounts Recognised in the Statement of comprehensive income

	2020 £	2019 £
Depreciation charge of right-of-use asset		
Buildings	135,493	3,568
	135,493	3,568
Interest expenses (included in finance cost)	[8,230]	[419]

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2020

14. Trade and other receivables

	2020 £	2019 £
Current:		
Trade receivables (net)	–	–
Other receivables	91,020	135,548
Value added tax	161,111	171,344
Prepayments and accrued revenue	149,309	121,418
	401,440	428,310

As at 31 December 2020 there were no trade receivables past due nor impaired. There are immaterial expected credit losses recognised on these balances.

15. Cash and cash equivalents

	2020 £	2019 £
Cash in bank accounts	2,081,515	4,318,536
Cash in 65-day notice bank accounts	3,000,000	8,000,000
	5,081,515	12,318,536

The cash balances are placed with a creditworthy financial institution.

16. Called up share capital

Issued and fully paid:		2020 £	2019 £
Number:	Class	Nominal value	
21,829,227 (2019:21,829,227)	Ordinary	1p	2,466,144

17. Trade and other payables

	2020 £	2019 £
Current:		
Trade payables	451,857	399,791
Accrued expenses	465,291	131,706
Other payables	74,905	74,298
Taxation and Social Security	77,567	136,371
	1,069,620	742,166

18. Lease liabilities

	2020 £	2019 £
Non-Current:		
Lease Liabilities	101,270	154,208
	101,270	154,208

19. Contingent Liabilities

(i) **2015 settlement agreement with Athena Consortium:** In accordance with a 2015 settlement agreement reached with the Athena Consortium, although Jersey Petroleum Ltd remains a Licensee in the joint venture, any past or future liabilities in respect of its interest can only be satisfied from the Group's share of the revenue that the Athena Oil Field generates and up to 60 per cent. of net disposal proceeds or net petroleum profits from the Group's interest in the P2170 licence which is the only remaining asset still held that was in the Group at the time of the agreement with the Athena Consortium who hold security over this asset. Any future repayments, capped at the unpaid liability associated with the Athena Oil Field, cannot be calculated with any certainty, and any remaining liability still in existence once the Athena Oil Field has been decommissioned will be written off. A payment was made in 2016 to the Athena Consortium in line with this agreement following the farm-out of P2170 [Verbier] to Equinor and the subsequent receipt of monies relating to that farm-out.

(ii) **Equinor UK Limited:** During the year [in January 2020], Jersey Oil Limited announced that it had entered into a conditional Sale and Purchase Agreement ["SPA"] to acquire operatorship of, and an additional 70% working interest in, Licence P2170 [Blocks 20/5b and 21/1d] from Equinor UK Limited ["Equinor"], this transaction completed in May 2020. The consideration for the Acquisition consists of two milestone payments, which are considered contingent liabilities:

- US\$3 million upon sanctioning by the UK's Oil & Gas Authority ["OGA"] of a Field Development Plan ["FDP"] in respect of the Verbier Field; and
- US\$5 million upon first oil from the Verbier Field.

The earliest of the milestone payments in respect of the Acquisition is not currently anticipated being payable before the start of 2022.

(iii) **ITOCHU Corporation and Japan Oil, Gas and Metals National Corporation:** During the year [in November 2020] Jersey Oil Limited announced that it entered into a conditional Sale and Purchase Agreement ["SPA"] to acquire the entire issued share capital of CIECO V&C [UK] Limited, which was owned by ITOCHU Corporation and Japan Oil, Gas and Metals National Corporation, this transaction completed in April 2021. The consideration for the Acquisition includes a completion payment of £150k and two future milestone payments, which are considered contingent liabilities:

- £1.5 million in cash upon consent from the UK's Oil & Gas Authority ["OGA"] for a Field Development Plan ["FDP"] in respect of the Verbier discovery in the Upper Jurassic [J62-J64] Burns Sandstone reservoir located on Licence P2170; and
- £1 million in cash payable not later than one year after first oil from all or any part of the area which is the subject of the Field Development Plan.

The earliest of the milestone payments in respect of the Acquisition is not currently anticipated being payable before the start of 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2020

20. Share based payments

The Group operates a number of share option schemes. Options are exercisable at the prices set out in the table below. Options are forfeited if the employee leaves the Group through resignation or dismissal before the options vest.

Equity settled share-based payments are measured at fair value at the date of grant and expensed on a straight-line basis over the vesting period, based upon the Group's estimate of shares that will eventually vest.

The Group's share option schemes are for Directors, Officers and employees. The charge for the year was £181,870 [2019: £437,080] and details of outstanding options are set out in the table below.

Date of Grant	Exercise price [pence]	Vesting date	Expiry date	No. of shares for which options outstanding at 1 Jan 2020	Options issued	Options Exercised	Options lapsed/non vesting during the year	No. of shares for which options outstanding at 31 Dec 2020
Mar 2011	100	Vested	Mar 2021	3,164	–	–	–	3,164
Mar 2011	4,300	Vested	Mar 2021	5,809	–	–	–	5,809
Mar 2011	4,300	Mar 2014	Mar 2021	4,355	–	–	–	4,370
Mar 2011	4,300	Mar 2015	Mar 2021	5,809	–	–	–	5,809
Jul 2011	4,300	Jul 2011	Jul 2021	523	–	–	–	523
Jul 2011	4,300	Jul 2012	Jul 2021	523	–	–	–	523
Jul 2011	4,300	Jul 2014	Jul 2021	523	–	–	–	524
Dec 2011	2,712	Dec 2012	Dec 2021	1,650	–	–	–	1,650
Dec 2011	2,712	Dec 2014	Dec 2021	1,650	–	–	–	1,650
May 2013	1,500	May 2014	May 2023	9,500	–	–	–	9,500
May 2013	1,500	May 2015	May 2023	9,500	–	–	–	9,500
Nov 2016	110	Nov 2016	Nov 2021	246,667	–	–	–	246,667
Nov 2016	110	Nov 2017	Nov 2021	246,667	–	–	–	246,667
Nov 2016	110	Nov 2018	Nov 2021	246,667	–	–	–	166,667
Apr 2017	310	Apr 2017	Apr 2022	20,000	–	–	–	20,000
Apr 2017	310	Apr 2018	Apr 2022	20,000	–	–	–	20,000
Apr 2017	310	Apr 2019	Apr 2022	20,000	–	–	–	20,000
Jan 2018	200	Jan 2021	Jan 2025	420,000	–	–	–	420,000
Jan 2018	200	Jan 2018	Jan 2023	76,666	–	–	–	76,666
Jan 2018	200	Jan 2019	Jan 2023	76,667	–	–	–	76,667
Jan 2018	200	Jan 2020	Jan 2023	76,667	–	–	–	70,000
Nov 2018	172	Nov 2021	Nov 2025	150,000	–	–	–	150,000
Jan 2019	175	Jan 2020	Jan 2026	88,333	–	–	–	88,333
Jan 2019	175	Jan 2021	Jan 2026	88,333	–	–	–	88,333
Jan 2019	175	Jan 2022	Jan 2026	88,333	–	–	–	88,333
Jan 2019	175	Jan 2020	Jan 2024	11,667	–	–	–	11,667
Jan 2019	175	Jan 2021	Jan 2024	11,667	–	–	–	11,667
Jan 2019	175	Jan 2022	Jan 2024	11,667	–	–	6,667	5,000
Jun 2019	200	Jan 2021	Jan 2025	120,000	–	–	–	120,000
Jun 2019	110	Jun 2019	Jun 2029	40,000	–	–	–	40,000
Total								2,009,689

The weighted average fair value of options granted previously was determined using the Black–Scholes valuation. The significant inputs into the model were the mid-market share price on the day of grant as shown above and an annual risk-free interest rate of 2%. The volatility measured at the standard deviation of continuously compounded share returns is based on a statistical analysis of daily share prices from the date of admission to AIM to the date of grant on an annualised basis. The weighted average exercise price for the options granted in 2019 was 182 pence, the weighted average remaining contractual life of the options was 5 years, the weighted average volatility rates was 62.86% and the dividend yield was nil. For schemes and scheme rules, please refer to the Remuneration Report.

There were adjustments made to the opening balance of share options due to 6,667 of the January 2018 issue of share options lapsing in 2019 and 40,000 of the November 2016 issue lapsed and then were re-issued in June 2019.

21. Related undertakings and ultimate controlling party

The Group and Company do not have an ultimate controlling party or parent Company.

Subsidiary	% owned	County of Incorporation	Principal Activity	Registered Office
Jersey North Sea Holdings Ltd	100%	England & Wales	Non-Trading	1
Jersey Petroleum Ltd	100%	England & Wales	Oil Exploration	1
Jersey E & P Ltd	100%	Scotland	Non-Trading	2
Jersey Oil Ltd	100%	Scotland	Non-Trading	2
Jersey Exploration Ltd	100%	Scotland	Non-Trading	2
Jersey Oil & Gas E & P Ltd	100%	Jersey	Management services	3

Registered Offices

- 10 The Triangle, ng2 Business Park, Nottingham, NG2 1AE
- 6 Rubislaw Terrace, Aberdeen, AB10 1XE
- First Floor, Tower House, La Route es Nouaux, St Helier, Jersey JE2 4ZJ

22. Notes to the consolidated statement of cash flows

Reconciliation Of Loss Before Tax To Cash Used In Operations

	2020 £	2019 £
Loss for the year before tax	(2,781,931)	(2,065,009)
Adjusted for:		
Amortisation, impairments, depletion and depreciation	23,977	14,067
Depreciation right-of-use asset	135,493	3,568
Share-based payments (net)	181,870	437,080
Loss on disposal of assets	–	17,980
Finance costs	8,262	419
Finance income	(27,937)	(106,867)
	(2,460,266)	(1,698,762)
(Increase)/Decrease in trade and other receivables	(27,352)	(543,829)
Increase/(Decrease) in trade and other payables	327,454	473,587
Cash used in operations	(2,160,164)	(1,769,004)

Cash and cash equivalents

The amounts disclosed on the consolidated Statement of Cash Flows in respect of Cash and cash equivalents are in respect of these statements of financial position amounts:

Year ended 2020

	31 Dec 2020 £	31 Dec 2019 £
Cash and cash equivalents	5,081,515	12,318,536

Year ended 2019

	31 Dec 2019 £	1 Jan 2019 £
Cash and cash equivalents	12,318,536	19,782,511

	Analysis of net cash		
	At 1 Jan 2020 £	Cash flow £	At 31 Dec 2020 £
Cash and cash equivalents	12,318,536	(7,237,021)	5,081,515
Net cash	12,318,536	(7,237,021)	5,081,515

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2020

23. Post balance sheet events

Share options awards

On 28th January 2021, 250,000 share options were granted to employees (but not Directors) at an exercise price of 155p. These had been awarded in July 2020 but could not be granted until January 2021 due to multiple close periods.

On 18th March 2021, 330,000 share options were granted to Directors and 192,000 to employees at an exercise price of 210p (a premium of 15.7% to the previous day's middle market closing price). As a result, the total number of share options outstanding is 13% of issued share capital, well within the overall ten-year limit of 15% under the Share Option Scheme. Post the equity placing, directors subscription and offer for subscription completed in April 2021 the total number of share options outstanding as a percentage of issued share capital reduces to less than 9%.

Capital raise

In April 2021 JOG held a General Meeting where the following were approved by Shareholders:

The Offer for Subscription, announced as part of the Fundraising on 17 March 2021, closed for applications on 12 April 2021, the Company announced that valid applications were received from Qualifying Participants in respect of, in aggregate, 974,157 Offer Shares, representing approximately 80.36 per cent. of the Offer Maximum. Accordingly, pursuant to the Placing, Subscription and Offer announced on 17 March 2021 and further to the abovementioned, the Company issued 9,054,548 new Ordinary Shares (the "Placing Shares") pursuant to the Placing, 36,361 new Ordinary Shares (the "Subscription Shares") pursuant to the Subscription and 974,157 new Ordinary Shares pursuant to the Offer at a price of 165 pence per share. The Company raised total gross proceeds from the Fundraising of approximately £16.61 million (net proceeds £15.8m).

Completion of the CIECO V&C acquisition

On 7th April 2021 JOG completed its acquisition of the entire issued share capital of CIECO V&C [UK] Limited ("CIECO V&C"), owned by ITOCHU Corporation ("ITOCHE") and Japan Oil, Gas and Metals National Corporation ("JOGMEC"). The consideration for the acquisition consisted of a completion payment of £150,000 and two contingent payments based on the UK's Oil & Gas Authority's consent for a Field Development Plan and the potential future development and production of oil volumes from the Verbier discovery in the Upper Jurassic (J62-J64) Burns Sandstone reservoir located on Licence P2170 (Blocks 20/5b and 21/1d) ("Licence P2170"). The Acquisition provides JOG with an opportunity to create significant value through potentially developing the Verbier discovery as part of its planned Greater Buchan Area ("GBA") hub. Licence P2170 also benefits from multiple material exploration prospects that have high value potential through tie-backs to the proposed new GBA hub.

Appointment of non-executive director

On 13th April 2021, Les Thomas was appointed a non-executive director of the Company. The terms of his letter of appointment provide for a rolling contract with a notice period of three months, no compensation for loss of office and an annual fee of £40,000.

24. Availability of the annual report 2020

A copy of these results will be made available for inspection at the Company's registered office during normal business hours on any weekday. The Company's registered office is at 10 The Triangle, ng2 Business Park, Nottingham NG2 1AE. A copy can also be downloaded from the Company's website at www.jerseyoilandgas.com. Jersey Oil and Gas plc is registered in England and Wales with registration number 7503957.

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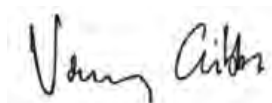
COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 December 2020

	Note	2020 £	2019 £
Non-current assets			
Investments in subsidiaries	4	–	–
Property, plant and equipment	5	66,121	–
Right-of-use asset	6	76,064	–
		142,185	–
Current assets			
Trade and other receivables	7	17,088,267	10,908,099
Cash and cash equivalents	8	4,998,008	12,197,617
		22,086,275	23,105,716
Total assets		22,228,460	23,105,716
Equity			
Called up share capital	9	2,466,144	2,466,144
Share premium account		93,851,526	93,851,526
Share options reserve		2,109,964	1,928,094
Accumulated losses		(76,754,297)	(75,670,918)
Total equity		21,673,335	22,574,846
Liabilities			
Current liabilities			
Trade and other payables	10	474,881	530,870
Lease liabilities		80,244	–
Total liabilities		555,125	530,870
Total equity and liabilities		22,228,460	23,105,716

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent Company is not presented as part of these financial statements. The parent Company's loss for the year was £1,083,379 [2019: Loss £1,471,705].

The financial statements on pages 74 and 75 were approved by the Board of Directors and authorised for issue on 5 May 2021. They were signed on its behalf by Vicary Gibbs – Chief Financial Officer.



Vicary Gibbs

Chief Financial Officer
5 May 2021

Company Registration Number: 07503957

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

	Called up share capital £	Share premium account £	Share options reserve £	Accumulated losses £	Total equity £
At 1 January 2019	2,466,144	93,851,526	1,491,014	(74,199,213)	23,609,471
Total comprehensive loss for the year	–	–	–	(1,471,705)	(1,471,705)
Transactions with owners (share based payments)	–	–	437,080	–	437,080
At 31 December 2019	2,466,144	93,851,526	1,928,094	(75,670,918)	22,574,846
Total comprehensive loss for the year	–	–	–	(1,083,379)	(1,083,379)
Transactions with owners (share based payments)	–	–	181,869	–	181,869
At 31 December 2020	2,466,144	93,851,526	2,109,964	(76,754,297)	21,673,336

COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 December 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Cash used in operations	12	(787,999)	[256,628]
Net cash used in operating activities		(787,999)	[256,628]
Cash flows from investing activities			
Interest received		27,936	106,872
Asset purchased		(84,167)	–
Net cash generated from investing activities		(56,231)	106,872
Cash flows from financing activities			
Loans to subsidiary companies		(6,266,882)	[7,243,575]
Principal element of lease payments		(88,497)	–
Net cash used in financing activities		(6,355,379)	[7,243,575]
Decrease in cash and cash equivalents	12	(7,199,609)	[7,393,331]
Cash and cash equivalents at beginning of year	12	12,197,617	19,590,948
Cash and cash equivalents at end of year	12	4,998,008	12,197,617

The notes on pages 76 to 80 are an integral part of these financial statements

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 December 2020

1. Significant accounting policies

The separate financial statements of the Company are presented as required by the Companies Act 2006. As permitted by that Act, the separate financial statements have been prepared in accordance with International Financial Reporting Standards.

These financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements have been prepared on a going concern basis. The principal accounting policies adopted are consistent with those set out in note 2 to the consolidated financial statements. The financial risk management strategy for the Company is consistent with that set out in note 4 to the consolidated financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

Going Concern

The Company is required to have sufficient resources to cover the expected running costs of the business for a period of at least 12 months after the issue of these financial statements. Further to the equity placing and offer for subscription concluded in April 2021 the Company has in a severe but plausible downside scenario surplus funds significantly in excess of the outstanding commitments to conclude the GBA Concept Select work programmes and the ongoing Operator overheads and licence fees beyond November 2022. The farm-out process launched in March 2021 to secure a new partner and material associated funding to progress the GBA Project through FEED and to FID and beyond is expected to conclude in Q3 2021. Subject to securing suitable funding from this process development work will continue at pace. Delays to the farm-out process may serve to slow the pace of development and may delay the date at which the project achieves FID. Given JOG currently owns and operates 100% of project, the rate at which JOG may choose to progress the project is entirely within its control and hence the Company's current cash reserves are therefore expected to more than exceed its estimated liabilities. Based on these circumstances, the Directors have considered it appropriate to adopt the going concern basis of accounting in preparing the Company's financial statements.

Risk management

The Company's activities expose it to financial risks and its overall risk management programme focuses on minimising potential adverse effects on the financial performance of the Company. The Company's activities are also exposed to risks through its investments in subsidiaries and it is accordingly exposed to similar financial and capital risks as the Group. Risk management is carried out by the Directors and they identify, evaluate and address financial risks in close co-operation with the Company's management. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as mitigating foreign exchange risks and investing excess liquidity. Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity through continuous monitoring of cash flows from operating activities, review of actual capital expenditure programmes, and managing maturity profiles of financial assets and financial liabilities.

2. Employees and directors

	2020 £	2019 £
Wages and salaries	1,161,300	792,422
Social security costs	121,025	122,185
Share based payments	181,869	437,080
Other pensions costs	138,010	18,295
	1,602,204	1,369,982

Other pension costs include employee and Company contributions to money purchase pension schemes.

The average monthly number of employees during the year was as follows:

	2020	2019
Directors	5	5
Employees – Finance	1	1
Employees – Technical	6	4
	12	10

2. Employees and directors continued

	2020 £	2019 £
Directors' remuneration	382,100	327,933
Directors' pension contributions to money purchase schemes	1,665	1,012
Benefits	5,346	3,650
	389,111	332,595

The Director's remuneration is shown net of share-based payments.

The average number of Directors to whom retirement benefits were accruing was as follows:

	2020	2019
Money purchase schemes	1	1

Information regarding the highest paid Director is as follows:

	2020 £	2019 £
Aggregate emoluments and benefits	242,946	238,250
Pension contributions	–	–
	242,946	238,250

The Directors did not exercise any share options during the year.

Key management compensation

Key management includes Directors [Executive and Non-Executive]. The compensation paid or payable to key management for employee services is shown below:

	2020 £	2019 £
Wages and short-term employee benefits	387,446	331,583
Share based payments (note 20)	153,816	371,449
Pension Contributions	1,665	1,262
	542,927	704,294

3. Loss of parent company

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent Company is not presented as part of these financial statements.

The parent Company's loss for the year was £1,083,379 [2019: Loss £1,471,705].

Auditors' remuneration is disclosed in note 8 in the consolidated financial statements.

4. Investment in subsidiaries

	2020 £	2019 £
Company – shares in subsidiary undertakings:	–	–

The carrying value of investments in subsidiary entities has been written off in prior periods.

The subsidiary undertakings at 31 December 2020 were as follows:

Subsidiary	% owned	County of Incorporation	Principal Activity
Jersey North Sea Holdings Ltd*	100%	England & Wales	Non-Trading
Jersey Petroleum Ltd*	100%	England & Wales	Oil Exploration
Jersey E & P Ltd**	100%	Scotland	Non-Trading
Jersey Oil Ltd**	100%	Scotland	Non-Trading
Jersey Exploration Ltd**	100%	Scotland	Non-Trading
Jersey Oil & Gas E & P Ltd***	100%	Jersey	Management services

* Registered address: 10 The Triangle, ng2 Business Park, Nottingham, NG2 1AE

** Registered address: 6 Rubislaw Terrace, Aberdeen, AB10 1XE

*** Registered address: First Floor, Tower House, La Route es Nouveaux, St Helier, Jersey, JE2 4ZJ

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 December 2020

5. Property, plant and equipment

	Office equipment £
COST	
At 1 January 2019	94,793
At 31 December 2019	94,793
Additions	84,167
At 31 December 2020	178,960
ACCUMULATED DEPRECIATION	
At 1 January 2019	94,793
At 31 December 2019	94,793
Charge for year	18,046
At 31 December 2020	112,839
NET BOOK VALUE	
At 31 December 2020	66,121
At 31 December 2019	–
At 31 December 2018	–

6. Leases

Amounts Recognised in the Statement of financial position

	2020 £	2019 £
Right-of-use Assets		
Buildings	76,064	–
	76,064	–
Lease liabilities		
Current	80,244	–
Non-Current	–	–
	80,244	–

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17, 'Leases'. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2020 was 3%. The leases relate to office space.

Amounts Recognised in the Statement of comprehensive income

	2020 £	2019 £
Depreciation charge of right-of-use asset		
Buildings	92,678	–
	92,678	–
Interest expenses [included in finance cost]	(3,031)	–

7. Trade and other receivables

	2020 £	2019 £
Current:		
Value Added Tax	60,701	169,857
Amounts due from Group undertakings	16,947,627	10,680,745
Prepayments	25,717	57,497
Deposits	54,222	–
	17,088,267	10,908,099

The balances above were assessed for recoverability under the expected credit loss model. There is no expected credit loss on these balances. The amounts due from Group undertakings are not interest bearing, and are repayable on demand.

8. Cash and cash equivalents

	2020 £	2019 £
Cash at bank	4,998,008	12,197,617

9. Called up share capital

Issued and fully paid:

Number:	Class	Nominal Value	2020 £	2019 £
21,829,227 [2019: 21,829,227]	Ordinary	1p	2,466,144	2,466,144

10. Trade and other payables

	2020 £	2019 £
Current:		
Amounts due to Group undertakings	211,678	211,678
Trade payables	90,561	94,859
Other payables	59,344	121,418
Accrued expenses	113,298	102,915
	474,881	530,870

Amounts shown as Current: Amounts owed to Group undertakings - are repayable on demand.

11. Related party disclosures and ultimate controlling party

The Group and Company do not have an ultimate controlling party or parent Company.

Subsidiary	% owned	County of Incorporation	Principal Activity	Amount due (to)/from subsidiaries	
				2020 £	2019 £
Jersey North Sea Holdings Ltd	100%	England & Wales	Non-Trading	(211,676)	(211,676)
Jersey Petroleum Ltd	100%	England & Wales	Oil Exploration	16,947,627	10,680,745
Jersey E & P Ltd	100%	Scotland	Non-Trading	–	–
Jersey Oil Ltd	100%	Scotland	Non-Trading	(1)	(1)
Jersey Exploration Ltd	100%	Scotland	Non-Trading	(1)	(1)
Jersey Oil & Gas E & P Ltd	100%	Jersey	Management services	–	–

The Company lends cash to Jersey Oil & Gas E&P Ltd to fund salaries and other administrative costs. The balance outstanding at the end of the year from Jersey Oil & Gas E&P Ltd £3,295,427 [2019: £2,371,207] has been fully provided for as a doubtful debt given the nature of the company which does not generate revenue and the balance is not expected to be recovered.

The Company provides funding to Jersey Petroleum Limited to fund commitments due on its operations and licences. Historically these have been provided for in full as those licences were not deemed commercial. Following the historical drilling on Verbier the Company believes that the funding provided for this licence to be fully recoverable as the licence is commercially viable. The total amount of funding provided to Jersey Petroleum Limited amounts to £83,452,410 [2019: £78,109,749] of which £69,800,211 [2019: £66,371,145] is provided for as a doubtful debt with the remaining balance being the funding provided in respect of the Verbier licence.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 December 2020

11. Related party disclosures and ultimate controlling party continued

The receivable balance is non-interest bearing and repayable on demand with recovery expected over a number of years.

During the year the Company also charged a management fee to Jersey Petroleum Limited amounting to £2,355,741 (2019: £1,414,327).

12. Notes to the company statement of cash flows

Reconciliation of loss before income tax to cash used in operations

	2020 £	2019 £
Loss for the year before tax	(1,083,381)	(602,287)
Adjusted for:		
Tangible depreciation	18,046	–
Impairment of receivables from subsidiaries (note 11)	–	–
Right-of-use asset depreciation	92,677	–
Provision for write off of loan interest	179,660	211,154
Share based payments (net)	181,870	437,080
Finance income	(207,596)	(318,026)
	(818,724)	(272,079)
[Decrease]/increase in receivables (note 7)	86,714	(172,434)
[Decrease]/increase in trade and other payables (note 10)	(55,989)	187,885
Cash used in operations	(787,999)	(256,628)

Cash and cash equivalents

The amounts disclosed on the Statement of Cash Flows in respect of Cash and cash equivalents are in respect of these statements of financial position amounts:

Year ended 2020

	31 Dec 2020 £	1 Jan 2020 £
Cash and cash equivalents	4,998,008	12,197,617

Year ended 2019

	31 Dec 2019 £	1 Jan 2019 £
Cash and cash equivalents	12,197,617	19,590,948

	Analysis of net cash		
	At 1 Jan 2020 £	Cash flow £	At 31 Dec 2020 £
Cash and cash equivalents	12,197,617	(7,199,609)	4,998,008
Net cash	12,197,617	(7,199,609)	4,998,008



Jersey Oil and Gas plc

Ground Floor
5 St Andrew's Place
St Helier, Jersey
Channel Islands
JE2 3RP

+44[0]1534 858 622