

JERSEY OIL&GAS

Annual Report

Year ended 31 December 2021



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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.

Since 2019 the Group has successfully aggregated a significant oil and gas resource base in the heart of the Central North Sea, the "Greater Buchan Area" ("GBA"). As the sole owner of the GBA, the Group has the control and flexibility to advance a proposed optimal new hub development capable of unlocking substantial long-term shareholder value. To this end, the next major step for JOG is to secure an industry partner(s) in order to move the development into the next phase of activities and secure the necessary regulatory approvals in 2023 for execution of the project.

GBA Focus

- JOG is actively engaged with multiple counterparties regarding the planned farm-out of an interest in the GBA
- Work is progressing to assess development concepts to facilitate such a farm-out including the use of existing third-party host infrastructure for future production from the GBA. Such concepts have the potential to enhance overall development economics through the synergies and cost savings associated with utilising common infrastructure
- The work completed by the Group in 2020-21 on a platform development concept is facilitating an accelerated technical evaluation of various alternative development options
- Upon selection of the optimal GBA development concept from the wider opportunity set that has now been generated, the project will move into "Front End Engineering & Design" activities along with preparation of the required Field Development Plan for the North Sea Transition Authority ("NSTA")

Supportive Macro Environment

- Recent geopolitical events, exacerbated by recent under investment in the upstream sector, have led to a material escalation in oil and gas prices that has served to underline the importance of maximising domestic energy supplies
- The UK North Sea has only a limited number of readily executable oil and gas developments with a resource base in excess of 100 million barrels of oil equivalent such as that offered by the GBA

Attractive Outlook

- Progressing the GBA development project remains JOG's number one priority
- Acceleration of the Group's corporate growth strategy, through the execution of potential accretive acquisitions, remains a core objective
- The Group remains well funded with a cash balance at the end of 2021 of approximately £13 million and with current expenditure primarily related to workstreams that will facilitate securing a successful farm-out
- Strengthened management team with significant industry experience

CHAIRMAN & CHIEF EXECUTIVE OFFICER'S REPORT

Overview

During 2021 JOG made good progress in advancing its primary objective of unlocking value from the Greater Buchan Area ("GBA") development project. The hard work and effort of our team on multiple work streams has positioned the Group well; defining the unique investment opportunity the GBA offers, with the significant proven oil resources providing attractive economics and flexibility for various development options, in the heart of the Central North Sea.

Portfolio With Scale

The Group has constructed a quality portfolio of assets that form the GBA in the Outer Moray Firth area of the UK North Sea. It represents a near full-cycle portfolio of assets, underpinned by the Buchan Oil field and the J2 and Verbier oil discoveries, along with three high impact and drill-ready exploration prospects; Verbier Deep, Wengen and Cortina.

In addition to contingent oil resources of in excess of 100mmbbls in the planned first phase development of the Greater Buchan Area, our shareholders have ownership of significant resource upside from further development phases and the drill-ready exploration prospects that are proximal to the core project. As an indication of confidence in our ability to deliver value for shareholders, the Group raised £16.61m (gross) through an oversubscribed placing and subscription in March 2021, providing strength and flexibility to advance the project to the next phase.

A standalone GBA platform development concept was prepared and a Concept Select Report ("CSR") submitted to the North Sea Transition Authority ("NSTA"). The

CSR was focused on meeting the NSTA's twin strategic objectives of 'Maximising Economic Recovery' and contributing to the Government target for 'Net Zero' and it was used to launch an industry farm-out process, as a project of this scale requires multiple partners and funding components for successful delivery.

GBA Farm-Out Advancing

The farm-out process is generating interest from a wide variety of producers and infrastructure owners. Initial engagement and screening has led to JOG being actively engaged with multiple serious counterparties of scale, with ongoing due diligence involving two-way collaborative workstreams. Work is progressing to assess various development concepts that can facilitate the farm-out, including using existing third-party host infrastructure and facilities to enhance overall development economics through synergies and cost savings. The associated recoverable volumes from the GBA will naturally be dependent on the development solution that is taken forward. Opportunities to optimise forecast production and capital expenditure requirements represent a core component of the evaluations. The work completed during 2021 on the platform development concept has accelerated the technical evaluation of these further options.

Completing the assessment of the wider set of development solutions for the GBA is naturally an important driver for delivering stakeholder value from the project and a task the Group is working on with pace to progress.

The Group remains well funded with a cash balance at the end of 2021 of approximately £13 million and with current expenditure focused on workstreams that will facilitate securing a successful farm-out.

Positive Macro Environment

It has been a volatile year for sentiment in the oil and gas sector and in the lead up to "COP26" there was much debate about the future of the North Sea. We see the North Sea as a crucible for energy transition where upstream oil and gas can function effectively alongside the advancement of renewable energy, with examples of oil and gas companies leading investments into offshore wind and carbon capture, utilisation and storage ("CCUS") technologies. Indeed, offshore wind developments, facilitating the decarbonisation of offshore oil and gas infrastructure and regional electrification may likely play an important role in optimising the GBA development plans. We have put net zero considerations at the heart of our business by subscribing to the principles that underpin the North Sea Transition Deal that was announced in March 2021, and which supports the industry's transition to clean, green energy.

Recent geopolitical events have sadly served as a salutary reminder that security of energy supply remains of vital importance as the energy transition is achieved. The reality of underlying supply fundamentals, exacerbated by several years of under investment across the upstream sector and the significant and steady increase in commodity prices have served as a reminder that oil and gas is a vital component of the overall energy mix. Investment in maximising the production of indigenous, low-carbon UK resources remains crucial for security of supply and represents the best way for the UK economy to navigate the energy transition wisely, with JOG having an important part to play in this evolution. Improved commodity prices have bolstered producing company cash positions, serving to improve sector confidence

and provide a helpful backdrop to the on-going GBA farm-out process.

Strong Organisation & Outlook

During 2021, JOG made several senior management and Board changes which marked the next phase in the Group's development for delivery on its key strategic ambitions. It was pleasing to be able to welcome Graham Forbes and Richard Smith into the Group as Chief Financial Officer and Chief Commercial Officer, respectively. This, combined with the smooth transition of the Chairman's role from Marcus Stanton to myself (Les Thomas), has strengthened the execution capabilities and leadership of the Group.

We have built a team of experienced professionals, with a demonstrable track record in the industry, a high-

quality asset base and a comfortable funding position to work from.

The Group is therefore well positioned for success and on behalf of the Board, we would like to thank our dedicated JOG team for their accomplishments during the year and to recognise and acknowledge the ongoing support we have received from all of our shareholders and stakeholders at large.



Les Thomas,
Non-Executive
Chairman



Andrew Benitz,
Chief Executive Officer
27 April 2022

STRATEGIC REPORT

Business Review & Future Activities

The principal activity of the Group 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 plc ("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 2021 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 Chairman and Chief Executive Officer's joint report and the Strategic Report.

Business Strategy

The Group has a two-pronged approach to its strategy, which are aimed at delivering strong shareholder returns. The first is a Core Area Strategy, which is focused on the area surrounding our principal assets, UK licences P2498

and P2170 (collectively known as the Greater Buchan Area) to create and increase value in the licences and surrounding areas. The second is the pursuit and execution of asset acquisitions in the UK North Sea area. The continued evolution of the UK North Sea and wider industry environment are expected to result in some interesting acquisition opportunities arising that we, as a Group unencumbered by debt or decommissioning liabilities, may be able to exploit beneficially.

The Greater Buchan Area

During the year, JOG maintained focus on its Core Area Strategy, with the delivery of Concept Select for the GBA and the launch of a farm-out process. Our primary asset is the Buchan oil field which sits across two blocks in the P2498 licence, together with the J2 oil discovery. This licence, together with the P2170 licence, form our core area, referred to as the GBA. Closely integrated into our focus on the core GBA area has been the pursuit and execution last year of both an asset and corporate acquisition in the GBA to give JOG 100% ownership of the GBA. Licence P2170, includes the Verbier oil discovery and

significant upside potential from three drill-ready prospects, Verbier Deep, Wengen and Cortina.

Further to undertaking a comprehensive technical and economic evaluation of licences P2497 (Zermatt) and P2499 (Glenn), JOG decided not to progress to the next licence phase, which would have required committing to a firm well in each of these two licence areas. Accordingly, the licences were relinquished at the end of Phase A of their Initial Term on 29 August 2021.

UK North Sea Growth Through Acquisitions

2021 ushered in a return of M&A activity across the UK North Sea, with several sizeable third party deals announced throughout the year. Our primary focus is on securing funding and a partner(s) for our flagship GBA Development project, but with increased activity and some motivated sellers, JOG remains active in reviewing a number of potential acquisitions and/or opportunities for possible business combinations.

OUR ASSETS

The core focus of the business in 2021 was centred on advancing the concept select and associated engineering activities for the GBA Development project.

Extensive Resource Base

Following the award of the Buchan licence in 2019 and subsequent transactions to consolidate the Group's other key licence interest in the surrounding acreage during 2020, JOG has created an attractive portfolio of discovered and prospective resources well positioned, and with sufficient critical mass, for a proposed hub-based development. In aggregate, the licences (comprising the GBA and Verbier) are estimated by the Group to contain contingent resources in excess of 150 million barrels of oil equivalent.

The primary asset in the portfolio is the Buchan oil field which sits across two blocks in the P2498 licence. This licence, together with licence P2170, form our core area, the GBA. The Group owns the interests outright and as such has the control and flexibility to determine the optimal route to monetisation of the resources.

Subsurface

Since the award of the Buchan acreage in the 31st Licence Round, extensive subsurface work has been undertaken to better understand the geology, reservoir characteristics and performance forecasts of the field and nearby J2 and Verbier discoveries. Extensive static and dynamic modelling work has been completed to appropriately characterise and de-risk the expected performance of the fields. The static models aim to depict the geological setting of the reservoirs, while the dynamic modelling involves production forecasting that incorporates the lateral and vertical distribution of

non-uniform rock properties, coupled with rock-fluid properties to determine production rates, pressures, fluid compositions and saturations.

In the case of the Buchan oil field, the focus of the subsurface work has been centred on developing a dynamic history matched model that robustly simulates the actual production of oil, gas and water from the field over the 36 years the field was originally in production (up to 2017 when facilities driven issues resulted in the operator at the time ceasing production from the field).

History matching is aimed at achieving a reasonable alignment between the simulated and observed historical field / well behaviour to establish a satisfactory model for reservoir management purposes. Refinement and maturation of the modelling is generally a continual process, and having successfully located additional core data from the original Buchan oil field wells in late 2021, work continues to further optimise the field characterisation and history matched model.

Development Concept Engineering

Alongside the subsurface work programme, the core focus of the GBA workstreams in 2021 was centred on advancing the development concept and associated engineering activities for the GBA. The specification of a standalone platform development was taken through conceptual engineering to define the key parameters associated with producing and exporting hydrocarbons from the GBA and the associated costs and economics. This solution has then served as the backbone for engagement with the wider industry on the farm-out process that was launched during the year.

The Group's overall GBA resource development plan envisages three phases of activities. Phase 1 is centred on the exploitation of the Buchan oil field, with production supported by water injection to maintain pressure support and optimise reservoir sweep. Phase 2 focuses on development of the J2 West, J2 East and Verbier East discoveries and Phase 3 on the Verbier West discovery.

A CSR for the platform development solution for the GBA was submitted to the North Sea Transition Authority ("NSTA") (formerly the Oil and Gas Authority "OGA") during 2021 in compliance with JOG's commitment under the P2498 (Buchan) licence. Following completion of the on-going farm-out process, a revision to the CSR is intended to be submitted to reflect the ultimate development concept that is to be taken forward into the next phase of activities.

Pre-FEED Work

In June 2021, JOG commenced an offshore survey to support Phase 1 of the GBA Development project. The survey has acquired geotechnical and environmental baseline data within the Greater Buchan Area along the proposed subsea power cable route and oil / gas export option routes. This data will be input into the facilities Front-End Engineering and Design ("FEED") work and support the preparation of the Environmental Statement, required for the Field Development Plan. The data acquisition stage of these surveys was completed during August 2021 with analysis of the acquired data on-going.

Farm-Out Activities

The objective of the farm-out process is to secure an industry partner(s) to acquire an interest in the GBA Development project and work in partnership with JOG to unlock the value of the resource base. This approach is in line with the Group's objectives for maintaining a prudent financing and risk management strategy when embarking on major capital expenditure programmes.

Following the launch of the farm-out process, the Group has been actively engaged with multiple counterparties, with parties interested in not just a platform concept but also alternative concepts that could facilitate the GBA development through the use of tie-backs to existing third-party infrastructure or floating production solutions for future production from the GBA. Work has been progressing since the latter part of 2021 to assess these development concepts, which have the potential to enhance the overall development economics through the synergies and cost savings associated with utilising existing infrastructure.

The work completed by the Group on the platform development concept is facilitating an accelerated technical evaluation of the alternative development options. The wider set of development options now under consideration are being assessed and optimised both technically and economically to identify the most appropriate solution to take forward. The assessment criteria take into account factors encompassing project deliverability, execution risks, environmental impact and life of field operability; all with a view to determining the level of confidence around the ability to safely deliver the development concept on time and within budget. With respect to economic considerations, the development options are being

evaluated using the typical range of metrics including project IRR, NPV, payback period, valuation sensitivities, etc. taking into account the projected first oil date, CAPEX, OPEX, availability and decommissioning obligations.

Concept screening evaluations have shown the alternative development options to be viable and economically attractive, subject to completion of the on-going confirmatory technical studies. As a consequence, a number of detailed engineering studies are in the process of being completed in collaboration with various counterparties in order to validate and de-risk the different development solutions and facilitate the negotiation of commercial constructs for a GBA farm-out.

Regulatory Activities

Upon selection of the optimal GBA development concept from the wider opportunity set that has now been generated, the project will move into the next phase of activities, being the completion of FEED. Completion of FEED is designed to culminate in the submission and approval of the required Field Development Plan to the NSTA in 2023.

During 2021 the NSTA approved Jersey Petroleum Ltd, a wholly-owned subsidiary of JOG, as an Installation Operator. This marks a significant step in the maturation of the Group as a UK North Sea oil and gas operator. The approval highlights that the NSTA is satisfied that the Group has suitable and sufficient processes in place to manage the design and specification of the safety and environmentally critical systems and equipment for new offshore oil and gas facilities. This represents an important regulatory pre-requisite for the submission of future Design Notifications to the Offshore Major

Accident Regulator and installation Safety Cases documentation.

JOG is actively working to ensure the GBA development solution that is taken forward for regulatory approval will be set-up to deliver upon of both the industry's strategic objectives of "Maximising Economic Recovery" and "Net Zero".

Electrification

In conjunction with the specification of the platform development concept, the options to electrify the future facilities through the provision of power from shore, power from future localised offshore wind projects or participation in a regional offshore electrification hub were embedded within the designs. The Group continues to remain close to the evolving offshore electrification developments that are being pursued by the wider industry, with a view to maintaining an active presence.

The ability to minimise the full-cycle environmental footprint of the different development solutions will be a key component in evaluating the various options and concluding the farm-out process.

FINANCIAL REVIEW

Cash Resources and Short-Term Investments

The Group ended 2021 in a strong position, with £13.0m of cash remaining.

Debt

JOG currently has no debt.

Consolidated Statement of Comprehensive Income

The Group had no trading revenues in 2021. Cost of Sales includes expenditure on software licences used to grow and develop the Group. In the prior year the Group reached a settlement with TGS pursuant to an agreement entered into on 9 February 2018 resulting in a one-off payment of £0.6m.

Expenditure Highlights

2021 saw a continuing strengthening of the Group's project management and execution capabilities as the team advanced the engineering work and studies associated with the GBA concept select. This included engineering studies covering the subsea, facilities and well design aspects of the project, along with extensive offshore pipeline route surveys.

While costs directly associated with the GBA Development project have been capitalised the Administrative Expenses increased to £3.7million (2020 £2.1 million).

This included an one-off charge in the year of approximately £0.8m associated with changing the senior management team in November 2021.

During the year the Group also incurred modest costs on pursuing multiple acquisition opportunities and processes to no avail to date.

With the major study work coming to a close at the turn of the year the 2022 work programme is more focused on interaction with the multiple counterparties who are engaged in our GBA farm-out process. This phase necessitates a smaller, more focused team and consequently the manpower requirements have been flexed accordingly. This should ensure that the Group continues to remain lean and cost-efficient, and takes the forecast cash spend to a quarterly run rate (prior to a farm-out and FEED) of under £1.5million.

Licence Relinquishments during the year

The Group relinquished licences P2497 Block 20/4c (Zermatt) and P2499 Block 21/2a (Glenn). Following a comprehensive technical and economic evaluation of licences P2497 and P2499 and meetings held with the North Sea Transition Authority ("NSTA"), the NSTA confirmed that it was satisfied that the Phase A Firm Commitments for both licences had been fulfilled. JOG decided not to progress to the next licence phase, which would have required committing to a firm well in each of these two licence areas. Accordingly, the licences automatically ceased and determined at the end of Phase A of their Initial Term on 29 August 2021.

Key Performance Indicators

The Group's Key Performance Indicators ("KPIs") are dominated by the key driver for the business – the farm out of the GBA Development project, which will catapult the growth of the Group. Additionally, there are financial KPIs, which relate to tightly controlled cash

expenditure and non-financial KPIs which relate to Health, Safety, Security and the Environment ("HSSE").

Given the nature of our business, it is critical that we monitor and carefully manage 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.

HSSE is our most important non-financial KPI, due to the importance we place on the protection of the environment and the safety of our employees.

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. There is a strong belief that there is good potential for continued near-term value creation. JOG has manageable expected obligations in respect of further forward activity.



Graham Forbes
Chief Financial Officer
27 April 2022

OUR STAKEHOLDERS

S172 Companies Act 2006	
<ul style="list-style-type: none"> ▪ Stakeholders ▪ ESG ▪ UN Global Compact 	<p>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.</p> <p>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.</p> <p>The Group maintains an active dialogue with its regulator, the NSTA, in carrying out its role as licence operator on its assets. Throughout the year, in review and during the period up to the publication of the report, we discussed the Group’s progress on developing and farming out the GBA area as well as engagements with operators of nearby infrastructure and future developments.</p> <p>During COVID-19 pandemic the Group organised monthly conference calls with all staff and contractors for which wellbeing was an important component – this included a mental wellbeing presentation and an opportunity for everyone to access a mindfulness app. Online work social events were also organised on a weekly basis.</p> <p>JOG is committed to the goal of achieving high standards of Environmental, Social and 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.</p> <p>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 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.</p>
Human Resources	
<ul style="list-style-type: none"> ▪ Employees ▪ Contractors ▪ Advisers 	<p>Our staff are key to delivering our business goals and ambitions. We rely on their skills, experience, knowledge, and diversity to deliver our vision to grow a successful, sustainable and valuable business.</p> <p>We have been fortunate to be able to attract some of the industry’s best and brightest talent. We promote and maintain a strong and embedded culture of health and safety, which is of fundamental importance to us. 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 our staff and employees (please refer to the COVID-19 measures set out above). 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.</p> <p>We aim for continual improvement in the management of our human resources. Key topics for further improvement are: opportunities for career progression, development</p>

	and succession planning, and working practices. As a Group, we are focused on sustaining a positive business culture and continue to promote our values and behaviours through performance reviews and communication.
Shareholders	
<ul style="list-style-type: none"> ▪ 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 held our last Annual General Meeting in June 2021. 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 meets with and updates our investors.
Suppliers	
<ul style="list-style-type: none"> ▪ Procurement and Contracting 	<p>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.</p> <p>Our effort is to be always professional and establish a reputation as being a reliable customer with whom suppliers and partners want to do business.</p> <p>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.</p> <p>The Group ensures that the quality of the services being supplied meets the standards expected, through our engagement and monitoring payment terms.</p>
Community	
<ul style="list-style-type: none"> ▪ Corporate Citizenship 	We aim to be a contributor to economic growth by providing investment opportunities, creating jobs and project development. We aim to ensure that many people can benefit from our operations. We also provide support for our local communities through a variety of initiatives.
Government / Regulator	
<ul style="list-style-type: none"> ▪ Key Stakeholders 	Regulators are key external stakeholders across various aspects of our business and particularly in activities which require statutory permits or consents. Briefings and meetings with the various regulators occur at regular intervals, typically corresponding to entering a new phase in the activity or key project phases, to provide updates on the schedule, a look-ahead on work to be undertaken and to advise of any forthcoming regulatory 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 a well-developed Risk Register. It is updated on a regular basis and discussed at regular points throughout the year, within a business operational and management context and at Board meetings.

The risks and opportunities set out below 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 External Risks and Opportunities	
<ul style="list-style-type: none"> ▪ Regulatory obligations ▪ Movement and conditions in capital markets ▪ Material oil price movements ▪ Material changes in Governmental approach towards continued hydrocarbon exploration, development and production 	<p>The Group works continually to foster positive relationships at all levels with relevant government and regulatory bodies, including but not limited to the NSTA, BEIS / OPRED and HSE.</p> <p>The Group is exposed to various regulatory obligations as part of maintaining its UK North Sea licences. JOG's portfolio consists of licence P2498 (Buchan and J2) and P2170 (Verbier) which currently have licence expiration dates of 29 August 2023 and 30 November 2022, respectively. Retention of each licence requires the relevant field development plans to be approved by the NSTA by the end of each licence term. The Group maintains an active dialogue with the NSTA on its activities and seeks to ensure it can adjust any licence obligations that reasonably require additional time to effectively execute its plans. There are no work programmes associated with second term licenses, however progress is monitored by NSTA via a series of milestones. The next milestone, which was set at the time licence P2498 was awarded in 2019, is submission of a FDP by 31 May 2022. This is not now expected to occur until next year.</p> <p>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 hydrocarbons can be volatile and is not within the control of the Group.</p> <p>The successful progression of the Group's 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/or 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 is no assurance that the Group will be successful in obtaining the required financing going forward. The Group's financial risk management policies are set out in note 4 of the Consolidated Financial Statements.</p> <p>There is no absolute assurance that the Group's ongoing activities will be successful. At the current time, the Group has two active licence interests, which it still considers to have good reserves potential and prospects. These licences come with some degree of risk and there may be an uncertainty over the future success and potential commercialisation of the assets. The Group may expand its portfolio through the acquisition of growth assets in the future to provide asset diversification and there appears to be strong investor appetite for the right transactions.</p> <p>The Group is operating in an evolving environment where the energy transition and decarbonisation of the wider economy will impact current and future</p>

	<p>operations. The Group seeks to assess and manage the associated regulatory, commercial, physical, and societal risks and opportunities in a structured manner over the various applicable time horizons. Portfolio decisions, including investments and potential acquisitions, are assessed against the potential impacts of the transition to the use of lower-carbon energy. These include higher regulatory costs linked to carbon emissions and lower demand for oil and gas. The Group's strategy recognises that the world is moving towards a lower-carbon energy system, while acknowledging that the pace and specific path forward remains uncertain. This means the Group will need to make agile business decisions in step with society.</p>
Financial Risks	
<ul style="list-style-type: none"> ▪ Availability of industry funding and / or access to capital markets ▪ Oil and gas price movements ▪ Cost overruns and inflation ▪ Adverse taxation and legislative changes ▪ Regulatory and compliance risks 	<p>The key ongoing activity of the business is the farm-out process to advance the redevelopment of the GBA. Failure to secure a farm-in partner(s) would have a detrimental impact on the ability of the business to develop the GBA and generate future cashflows.</p> <p>An increasingly positive political and regulatory environment, together with strong hydrocarbon pricing provides an encouraging backdrop for the planned farm-out, however there are no certainties such trends will continue or indeed that they may not reverse. The Group has further sought to mitigate the farm-out risks through the strengthening of the Board and management team with seasoned industry experts with knowledge of the likely counterparties and past experience of completing similar transactions.</p> <p>Close relationships are maintained with banks and the investor community as the Group may require additional capital to facilitate potential future acquisitions. The Group is usually in ongoing discussions with various financial partners, with a view to them supporting the Group in the future once producing assets are acquired or development, appraisal or exploration assets require further funding. We are also regularly in talks with various third parties and shareholders, regarding the provision of capital, with which to execute any future acquisitions.</p> <p>Based on current budgets and forecasts, the Group is well funded to pursue its farm-out objectives. Budgets and cash flow projections, considering 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 Group raised significant funds in 2021 and expects to be able to operate within its existing cash reserves in 2022 and beyond based on its current work programme, subject to there not being any unforeseen cost overruns or other expenses.</p> <p>The Group currently has no income exposure to oil price fluctuations, since there is no production accruing to the Group from its asset portfolio.</p> <p>The Group will be exposed to any changes in the UK tax regime longer term 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. At present, the Group holds almost all its available cash resources in Sterling, hence it has minimal forex exposure.</p> <p>The Group ensures the risks considered appropriate for the Group's needs and circumstances.</p>

Operational Risks	
<ul style="list-style-type: none"> ▪ Loss of key employees ▪ Delay and cost overruns, including weather related delays ▪ HSSE incidents ▪ Co-venturer and other counterparty risk ▪ 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 leanly but appropriately staffed, with a focus on technical capability and that employees are working under contracts that provide the Group with a degree of protection, should people leave our employ. Retention of key staff is aided by the award of share options throughout the full staff structure.</p> <p>Through the employment of high-quality, experienced staff and contractors, combined with efficient and effective management overview and controls, 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 interests in all its licences. The Group has the capabilities, skills, knowledge, and experience to mitigate many of the operational risks associated with current and planned activities including HSSE and the management of third-party contractors and service suppliers. Upon a successful farm-out of equity in the GBA, the Group will be exposed to the usual range of co-venturer risks, including the ability of co-venturers to finance their own share of asset expenditures. It is anticipated that such risks will be mitigated by the scale and capabilities of the co-venturers.</p> <p>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> <p>The Group is exposed to the inherent geological risks and uncertainties associated with the oil and gas industry. Such risks can result in the volume of hydrocarbons ultimately recovered from the Group's assets and the associated production profiles being different to the projected reservoir performance characteristics. The Group undertakes thorough technical evaluations of all its licences, including subsurface mapping and reservoir modelling. This work is carried out by technically competent and experienced personnel, supported where appropriate by leading technical consultants and third-party specialists. A prudent range of input assumptions and possible outcomes are considered within planning processes and opportunities to minimise the impact of subsurface risks incorporated into drilling and engineering evaluations and plans.</p> <p>The foregoing risks, together with the Group's relationships with the government and regulators, are discussed and monitored as part of on-going Board review processes.</p>

BOARD OF DIRECTORS



Les Thomas

Non-Executive Chairman

Les Thomas has over 35 years' experience in the Oil and Gas industry, in various subsurface, engineering, operational and senior management positions. Les was formerly CEO of Ithaca Energy Inc. from 2013 to 2020 and 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. Prior to this, he spent 22 years with Marathon Oil UK Limited in various locations and roles, including four years 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. Les has a BSc (1st class hon) in Civil Engineering and a Masters degree in Petroleum Engineering, both from Heriot Watt University in Edinburgh.



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 (Honours).



Graham Forbes

Chief Financial Officer

Graham Forbes is a Chartered Accountant with over 20 years' experience in the oil and gas industry. Prior to joining Jersey Oil & Gas in 2021, Graham was the Chief Financial Officer (CFO) of Ithaca Energy from 2010 to 2020. He qualified as a Chartered Accountant at PricewaterhouseCoopers before moving to ExxonMobil, where for over five years he worked on a variety of operational and acquisition-based projects. In 2002, Graham joined First Oil Group where, as Finance Director and then Executive Director, he helped develop the business into the UK's then largest privately owned E&P company. Following his move to Ithaca Energy in 2010, Graham was instrumental in transforming the company into a major independent UKCS operator through both organic developments and multiple acquisitions. He has extensive quoted company and corporate finance experience, having completed various debt and equity market offerings and the US\$1.2 billion sale and subsequent delisting of Ithaca Energy.



Frank Moxon

Senior Independent Director

Frank Moxon has over 30 years' experience as a corporate financier and financial adviser to companies, from start-ups to over £3 billion in size, in a wide range of industry sectors. However, he has specialised for the last 24 years in oil & gas and mining. He has held several 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 various oil & gas and mining companies listed in London, Australia and Canada. Frank is currently also President of the 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.



Marcus Stanton

Non-Executive Director

Marcus Stanton has extensive experience in the oil & gas and banking industries and has been a Non-Executive Chairman and 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, covering E&P and oil and gas services.

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. Marcus also provides expert evidence on 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. Marcus graduated from Oriel College, Oxford.

CORPORATE GOVERNANCE REPORT

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 Group'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. As Chairman of the Board it is my responsibility to ensure these policies and procedures are in place and operate effectively.

QCA Corporate Governance Code

1. Establish a strategy and business model which promotes long-term value for shareholders

JOG is an oil and gas Group whose principal activity is that of an upstream oil and gas business in the United Kingdom. The Group's strategy and business model is set out in this Annual Report and during 2021 this was primarily focused on the development of the Group's GBA licence interests.

The Group seeks to generate shareholder value from bringing the core area of the GBA into production as soon as reasonably practicable, in addition to obtaining value from its nearby exploration prospects.

This Annual Report sets out a number of risks and uncertainties that may represent challenges to the execution of the Group's strategy and business model, and how such risks and uncertainties are managed by the Group.

The Board of Directors participate in a regular conference call, at least monthly, during which they discuss - amongst other items - the strategic direction and operational status of the Group, and as a result any significant deviation or change, should such occur, will be highlighted to the Board promptly.

2. Seek to understand and meet shareholder needs and expectations

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, as well as required public announcements. The Chief Executive Officer and the Chief Financial 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.

The Group also utilises professional advisors such as a Broker, NOMAD, Corporate communications specialists and Company Secretarial services to provide advice and recommendations on various shareholder considerations where relevant.

Contact details are provided on the Group's website and within public documents, should shareholders wish to communicate with the Group.

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

JOG takes an active role in seeking to address the environmental, social and governance aspects of its business.

A description of how the Group considers key stakeholders in its decision making is provided in the "Our Stakeholders" section of this report.

As a relatively small and inclusive organisation, the Group is readily aware of any employee practices that are inconsistent with its values and plans for long-term sustainable success. The Group nevertheless has in place many of the procedures

found in larger companies, together with a wealth of experience on the Board in addressing employee related matters. Our operating activities are led by the principles of the UN Global Compact as we continue to define and assess the social and environmental impacts of the Group's flagship GBA development project.

During 2021 the Group published a Carbon Policy (available on the website) which aims to reduce the Group's carbon footprint to its lowest possible level, for the benefit of our shareholders and other stakeholders.

The Board firmly believes that high Health, Safety, Security, and the Environment ("HSSE") standards are crucial to the Group's operational success. All Directors, officers, managers, employees and contractors are required to comply with its HSSE Policy, which is reviewed periodically by the Board and, if necessary, updated and re-issued. The Group's overall approach to stakeholder and social responsibilities, is covered in further detail in the Sustainability Report contained in this Annual Report.

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

The Group embeds risk management throughout the organisation and this is described on the Risk section of the report.

The Board is responsible for the Group's system of internal controls and for reviewing its effectiveness. The system is designed to manage, rather than eliminate, the risk of failure to achieve the execution of the Group's strategic objectives and business model. These controls include Board approval for all policies, procedures and significant projects.

The Board monitors financial controls through:

- a) a budgeting and planning process, requiring approval by the Board;
- b) the receipt of quarterly management reports covering the Group's financial affairs;
- c) internal controls as articulated in the Group's Financial Reporting Procedures; and,
- d) a review by the Audit Committee of the draft annual and interim reports, and the Group's annual budget, before being recommended to the Board.

As regards non-financial risks and opportunities, and given the current size of the Group, it is considered preferable for this part of the Group's risk management to be the responsibility of the Board as a whole, rather than a sub-committee.

Additionally, the Group consults when relevant with the Group's NOMAD and corporate communications advisors.

The audit committee reviews the appropriateness of the internal and financial controls.

5. Maintain the Board as a well-functioning, balanced team led by the Chair

The Board is the main decision-making body of the Group which meets both formally and informally during the year.

The Board is comprised of:

- Les Thomas Non-Executive Chairman
- Andrew Benitz, Chief Executive Officer
- Graham Forbes, Chief Financial Officer
- Frank Moxon, Senior Independent Director
- Marcus Stanton, Non-Executive Director

All of the Executive Directors are employed under service contracts and work full time for the Group.

The Board considers and aspires to achieve increased diversity where possible when making new appointments, whilst recognising the practical constraints of a focused Group.

The Non-Executive Directors work part time, with additional time commitments depending on new Group developments as they arise. The Board considers that all three of the Non-Executive Directors, Les Thomas, Frank Moxon and Marcus Stanton are independent in character and judgement. All three have shareholdings (acquired with their own funds) Marcus Stanton and Frank Moxon have 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.

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 regard, Mr Stanton (Non-Executive Director), 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. Mr Stanton, who has extensive Board management experience, including within the oil and gas sector, was responsible for the rationalisation of the Group's operations during 2014 to 2015 leading up to the subsequent reverse takeover by JOG in 2015. For corporate governance purposes the Board of JOG regard the stipulated nine-year period relating to Mr Stanton as effectively commencing with the current formation 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. Mr Stanton resumed his role as a Non-Executive Director in 2021, when Mr Thomas assumed the role of Non-Executive Chairman.

The Board and its Committees receive appropriate and timely information prior to each meeting. A formal agenda is produced for each meeting and Board Committee papers are distributed before meetings take place. Specific actions arising from meetings are agreed by the Board or relevant committee and then followed up by management. All Directors spend such time as is necessary to effectively carry out their roles and directors have access to advice or services needed to enable them to carry out their roles and duties.

In addition, at the end of each month the Chief Executive Officer briefs the Non-Executive Directors on current developments.

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

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 Group. As a small but growing Group this presents its own challenges, with Board members taking on responsibilities for dealing with corporate developments as and when opportunities, or problems, arise.

The skills and experience of the Director's are set out in the "Board of Directors" section of this Annual Report and are considered by the Board as representing an appropriate range of capabilities needed to deliver the strategy of the Group for the benefit of its shareholders over the medium to long term. The experience and

knowledge of each of the Directors, and the steps taken to keep these skill sets up to date, gives them the ability to constructively challenge strategy and to scrutinise performance.

The Board is assisted by Ian Farrelly, the Company Secretary, whose services are retained through a contract with MSP Corporate Services Limited, a professional company secretarial services provider.

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

The Group seeks to undertake an evaluation of Board performance on an annual basis or on an ad hoc basis, as considered appropriate.

A formal Board evaluation process was last completed in January 2020, which was led by the Chairman, assisted by the Company Secretary. Individual Directors responded to a detailed questionnaire covering numerous aspects of the effectiveness of the Board's performance as a unit, as well as that of its committees and the individual Directors. The results of this questionnaire were compiled into a formal report that was reviewed and discussed by the Board. The overall results of the report were encouraging and the next Board evaluation process is planned to take place once progress has been made in identifying an appropriate partner(s) for the development of the GBA.

Succession planning is reviewed periodically both at the Board level and at the level of senior management. This is undertaken from the perspective of the development of the Board as a whole as the business develops, and unanticipated departures.

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

The Board believes that the long-term success of the Group is underpinned by a corporate culture that is based on ethical values and behaviours. Many of these are highlighted in an extensive employee Staff Handbook which draws together all of the Company's rules, policies and procedures.

These values, which JOG seeks to instill throughout the Group, include integrity, respect, honesty and transparency and are led by the behavioural example of individual Board members, particularly the Chief Executive Officer and the Chief Financial Officer. JOG also operates a well-defined organisational structure through which the Group seeks to determine that 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 the Group is committed to acting legally, fairly and ethically wherever business is conducted. The Group does not tolerate bribery and corruption in any of its forms, nor will it be tolerated in those with whom the Group does business.

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

The Group maintains appropriate governance structures and processes according to its size and complexity. 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 comprises a Non-Executive Chairman (Les Thomas), a Chief Executive Officer (Andrew Benitz), a Chief Financial Officer (Graham Forbes), a Senior Independent Director (Frank Moxon) and one other Non-Executive Director (Marcus Stanton).

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, in conjunction with the other Executive Director.

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

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 the formal meetings of the Board an agenda is prepared by the Chairman which includes presentations by each of the Executive Directors together with reports and recommendations from the relevant sub-committees of the Board. These Board meetings are typically preceded by a presentation by the Group's Board Advisor, Dr Chris Haynes, OBE FREng CEng FIMechE FIEAust, together with a presentation by senior management on the progress of the GBA development.

Board Committees

The Group operates an Audit Committee, a Remuneration Committee and a Nomination Committee, each comprised of Non-Executive Directors.

Audit Committee

Chair: Marcus Stanton, Other Members: Frank Moxon, Les Thomas

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 External 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, Other Members: Marcus Stanton, Les Thomas

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, Other Members: Marcus Stanton, Les Thomas

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 Group, no meetings of the Nomination Committee were held during 2021 as its functions have been properly carried out as part of the work of the Remuneration Committee and the Board.

2021 Board and Committee Meeting Attendance

		Board Meetings		Audit Committee		Remuneration Committee		Nominations Committee	
		Held	Attended	Held	Attended	Held	Attended	Held	Attended
Non-Executive Directors									
L J Thomas	Appointed 13 Apr. 21	7	6	2	2	2	1	-	-
M J Stanton		9	9	3	3	4	4	-	-
F H Moxon		9	9	3	3	4	4	-	-
Executive Directors									
J A Benitz		9	9	3*	3*	-	-	-	-
R J Lansdell	Resigned 20 Nov. 21	6	6	3*	3*	-	-	-	-
V J Gibbs	Resigned 20 Nov. 21	6	6	3*	3*	-	-	-	-
G A Forbes	Appointed 22 Nov. 21	2	2	-	-	-	-	-	-

* By invitation



Les Thomas,
Non-Executive Chairman

27 April 2022

SUSTAINABILITY REPORT

Our Sustainability Approach

JOG began its sustainability journey in 2019 with the foundation of three core ESG aims:

- Establish appropriate criteria for 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 stakeholders
- Build upon corporate ethics and values via open and transparent business practices

Since then, our Strategy has continued to evolve on a holistic basis, to ensure our asset base 'walks the talk' from an ESG perspective.

As the ideas and concepts surrounding ESG continue to gather momentum, JOG's sustainability activities are 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 Sustainability Progress

2021 saw the Group implement critical operational levers in the form of our inaugural Carbon Policy, a Sustainable Supply Chain Management (SSCM) System, and the extension of our ESG Risk Management System to align with the recommendations of the Taskforce for Climate-Related

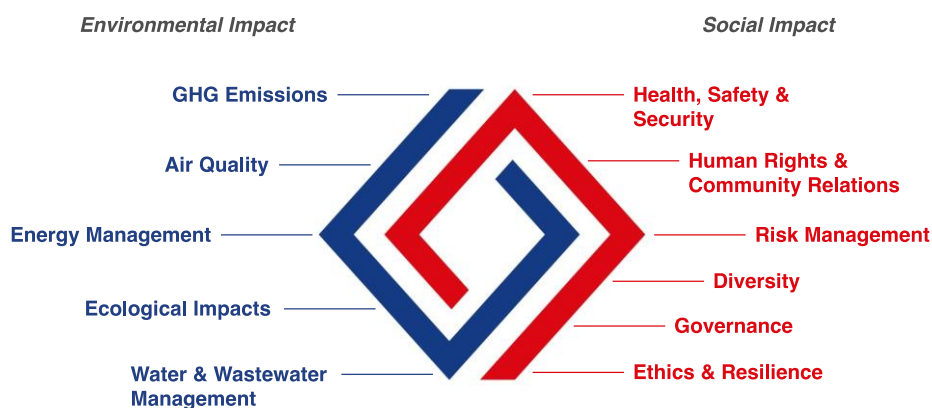
Financial Disclosures (TCFD). These processes and management systems have been designed with the future in mind to ensure their flexibility as JOG continues to investigate a broad range of current and future work scopes.

- To date we have had no lost time incidents and no breaches relating to safety, security or the environment
- Our female to male employee ratio has improved from 1:11 in 2019 to 1:4 in 2021
- No labour infringements or breaches were identified in any area of operation during 2021
- In 2021 JOG actively engaged with the QCA for the fourth consecutive year and received a clean audit
- The Group has not been involved in any legal cases, investigations or proceedings relating to bribery or corruption
- We continue to ensure strong emphasis on sustainability and net zero as we progress the range of GBA development options

Carbon Policy

We recognise that commitment to a sustainable and lower carbon energy future is central to delivering our vision. The management of carbon emissions and the commitment to low carbon targets and initiatives are integral to JOG's operational objectives, corporate structure, company values and culture.

The Carbon Policy confirms our commitment to risk managed growth, which will involve reducing our carbon footprint to the lowest possible level for the benefit of our shareholders and other stakeholders, as outlined by our materiality assessment.



Through this Carbon 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 the energy transition on the UKCS.

Scope

The Carbon Policy applies to all of JOG’s current assets and will potentially be applied through the addition of other assets, if and when acquired. Carbon emissions management is considered throughout the asset lifecycle, from concept selection, development, operations, and decommissioning.

JOG will continue to work towards identifying Scope 1, 2 and material Scope 3 emissions (internationally recognised definitions developed by the GHG Protocol) and minimising, measuring and report Scope 1 and 2 emissions associated with its operations on an absolute basis. Key to this will be the consideration and application of pioneering solutions to carbon management. These will be assessed through a rigorous management system and operational process to ensure sustainable value is realised from JOG’s assets.

Management

Carbon emissions minimisation and climate change resilience are an executive, board-level responsibility and are included in corporate risk and opportunity identification and management processes.

JOG’s understanding and application of low carbon emissions initiatives and innovation are founded in the extensive oil and gas expertise of its management team and from trusted external advisers.

JOG actively engages with investors on climate change resilience and carbon emissions related risks and opportunities, to positively differentiate itself from its peers.

Organisational Arrangements

Emissions reduction initiatives are integrated into operational and investment decisions at all levels of the organisation. JOG is creating a workplace culture of sustainability and we evaluate carbon emissions wherever possible and are incentivised to actively reduce these.

Climate Targets

To support the energy transition and facilitate wider decarbonisation, JOG will comply with the following requirements/set the following targets:

- Full compliance with all current and future emissions-related laws and regulations in the UK
- Emissions will be recorded and reported in line with all applicable UK emissions related legislation and in line with the recommendations of the TCFD on an annual basis
- Scope 1, 2 and material Scope 3 emissions will be identified through the scrutiny of JOG’s operational activity both offshore and onshore. This

includes JOG’s supply and customer chains as it evolves into an active UKCS operator

- All existing JOG operations to be carbon neutral by the point of first oil for Scope 1 and Scope 2 emissions
- Where the use of combustion equipment is unavoidable, fully disclose the justification for this choice and demonstrate full alignment with this policy
- Source the largest possible percentage of renewable electrical power in the energy mix for all JOG operated sites, both onshore and offshore, where this demonstrably presents the best lifecycle emissions profile and asset value
- Invest in accredited and, where possible, local carbon capture or offset to support the UK’s Net Zero ambitions
- Complete pre-investment due diligence and climate resilience planning for all potential acquisitions, mergers, or joint ventures
- Ensure climate related risks and opportunities, including cost of emissions through trading and taxation, are incorporated into JOG’s financial decision-making process
- Actively engage supply and customer chains to quantify carbon emission and influence their reduction

Monitoring and Reporting

Scope 1, 2 and material Scope 3 emissions will be identified through the scrutiny of JOG’s operational

activity both offshore and onshore. This includes JOG's supply and customer chains as it evolves into an active UKCS operator.

Once identified, emission will be recorded and reported in line with all applicable UK emissions related legislation.

JOG considers regulatory compliance as an entry-level approach to emissions disclosure. JOG is transparent in its approach to incorporating carbon considerations throughout the investment cycle and will communicate updates on progress and outcomes with its partners and investors through both formal and informal mechanisms, including annual and interim reports.

JOG has undertaken analysis of the requirements of the TCFD and will report the required disclosures in line with the recommendations of the TCFD. This will include strategy, governance, risk management approach and metrics around climate change to investors and other stakeholders, on an annual basis.

Conclusion

JOG believes responsibly sourced and produced hydrocarbons will be fundamental to a successful global energy transition. JOG is committed to differentiating itself as a sustainable and responsible 21st century oil and gas company. This policy is central to the delivery of this ambition. It will be reviewed and updated as appropriate and signed by JOG's Chief Executive Officer.

Sustainable Supply Chain Management

While the topics of health, safety and environmental issues have been a constant aspect of procurement and supply chain management in the oil and gas industry, the emergence of new regulations and changing societal expectations exposes companies to new

challenges. As part of JOG's ongoing commitment to the UN Global Compact 10 Principles and the Group's own Climate Targets, JOG saw an opportunity to beneficially utilise ESG commitments and performance in the selection process and ongoing contractor incentivisation.

Major Contracts Sustainability Policy

As JOG moves to becoming a future North Sea Oil and Gas producer, this Major Contracts Sustainability Policy aims to extrapolate how the Group's ESG objectives can be implemented across our wider supply chain. It has been developed by considering several 'Decision Points' in collaboration with JOG ESG and HSE specialists to ensure the direction is representative of the wider aims and objectives of the GBA Project. The pre-award assessment process which accompanies the Policy focuses on a contractor's maturity in understanding ESG and their level of ESG commitment. The Policy requires contractors to commit to the United Nations Global Compact (UNGC) with the overall aim of aligning operations from an ESG perspective throughout the supply chain. The Group also accounts for other ESG commitments when UNGC alignment is not possible for a contractor. Once awarded, JOG will continue to drive the continuous improvement of ESG performance in its supply chain through ongoing engagement and contract-specific targets.

ESG Risk-led Approach

Each individual contract for goods and/or services will bring a level of risk to JOG. As with health, safety and environmental risk, JOG looks to assess and reduce ESG risk to as low as reasonably practicable for the GBA project. While specific risks will be defined through JOG's strategy and risk assessment process, likely risks contractors could bring to JOG include:

- Environmental risk – high emissions activities with little scope for reduction
- Safety risk – high occupational health and safety exposure due to the nature of the work involved
- Reputational risk – previous high-profile ESG related incidents suffered by the contractor
- Governance risk – contractor works globally with differing regional approaches to ESG
- Social risk – contractor's activities have the potential to interact with or impact the general public.

ESG Risks and Opportunities

We have both a top-down and bottom-up approach to risk and opportunity oversight. This ensures we create a consistent, scalable, and auditable means for the identification and management of 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.

The Board's Role in Risk Oversight

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

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 such risks.

Risk Matrix and Policy

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

successful conclusion, the Group's CCO is responsible for managing the overall process.

ESG Risk and Opportunity Overview

Risk & Opportunity	Description & Impact	Mitigation
Policy & Regulation	Implementation of carbon price/tax which may increase operational costs and reduce overall profit from the GBA	Develop and implement low-carbon exploration, development, and production practices. Apply internal carbon price and initiatives. Action Carbon Policy aims such as offsets and voluntary emission programmes.
Policy & Regulation	Implementation of methane tax which may increase operational costs and reduce overall profit from the GBA	Monitor technological improvements regarding associated gas and routine flaring. Aim to utilise any associated gas produced in power generation.
Policy & Regulation	Changes to policies, law, and regulations due to decarbonisation agenda with cost impact to the Group	Monitor development, conduct stress testing, set internal standards, voluntary alignment, and education. Consult industry bodies for educational material which can be used to put a balanced position on energy transition & can be used to educate internally. Opportunity: JOG actively fosters a sustainable corporate culture.
Policy & Regulation	Diminished attractiveness of hydrocarbon projects to prospective investors due to new investment criteria	JOG ensures it has open and transparent relationships with its stakeholders via multiple communication routes. Rigorous stress testing and audits. Opportunity: We have conducted life-cycle analyses, developed emission targets and aim for the GBA to be a low carbon development.
Technology / Market Disruptions	Technological advances reduce the cost of renewables and long-term energy storage resulting in reduced oil demand	JOG conducts Scenario analysis, R&D, climate-related energy targets/reports, and stress testing.
Technology / Market Disruptions	Electric vehicles (EVs) reach cost parity with internal combustion engines sooner than expected resulting in reduced oil demand	Opportunity: Electricity and power supply still required, JOG to support the shift to electrification during the energy transition via the provision of responsibly produced hydrocarbon products.
Technology / Market Disruptions	Rapid energy efficiency improvement scenario leading to reduced oil demand	Consider modular technology, which is easy to upgrade, as well as R&D. Monitor technology development.
Societal Shift / Demography	Reduced talent attraction	Proactive local engagement and sponsorship of STEM activities.

DIRECTORS' REPORT

The Directors present their report together with the audited Group and Company financial statements for the year ended 31 December 2021.

Annual General Meeting

The Annual General Meeting will be held on 26th May 2022 as stated in the Notice of Meeting.

Results and Dividends

The Group's loss for the year was £4.2m (2020: loss of £2.8m). The Directors do not recommend the payment of a dividend (2020: Nil).

Going Concern

The Group 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 completion of the detailed studies in connection with the GBA Concept Select contracted work programmes, there are currently no firm work commitments on any of our licences, other than ongoing Operator overheads and licence fees. Other work that the Group is undertaking in respect of the GBA licences and surrounding areas is modest relative to its current cash reserves. The Group's current cash reserves are therefore expected to more than exceed its estimated cash outflows in all reasonable scenarios. Based on these circumstances, the Directors have considered it appropriate to adopt the going concern basis of accounting in preparing its Consolidated Financial Statements.

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 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 Group'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 Group'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.

Directors' Third Party Indemnity Provisions

During the year and to the date of approval of the financial statements, the Group maintained 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.

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.

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.

Nominated Adviser & Stockbrokers

The Group's Nominated Adviser is Strand Hanson Limited, and its Joint Brokers are Arden Partners plc and finnCap Ltd.

Share Capital

At 31 December 2021, 32,554,293 (2020: 21,829,227) ordinary shares of 1p each were issued and fully paid. Each ordinary share carries one vote.

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 2021 were:

1p Ordinary Shares		As at 31 Dec. 2021		As at 31 Dec. 2020	
		Shares	Vested Options	Shares	Vested Options
L J Thomas	Appointed 13 Apr. 2021	25,000	-	-	-
M J Stanton	-	110,411	53,333	100,000	101,570
F Moxon	-	87,026	29,999	84,935	55,000
J A Benitz	-	688,892	266,666	627,142	430,000
G A Forbes	Appointed 22 Nov. 2021	-	-	-	-
R J Lansdell	Resigned 20 Nov. 2021	1,066,601	226,666	1,013,590	430,000
V J Gibbs	Resigned 20 Nov. 2021	22,560	176,666	16,500	190,000

Substantial Shareholders

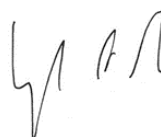
At 31 December 2021, notification had been received by the Company of the following who had a disclosable interest in 3% or more of the nominal value of the ordinary share capital of the Company:

Hargreaves Lansdown Asset Mgt.	12.75%
Mr J Baldwin	6.51%
Interactive Investor	5.97%
Amati Global Investors	5.05%
Janus Henderson Investors	3.79%
HSBC James Capel	3.64%
SVM Asset Management	3.63%
Quilter Cheviot Inv Mgt	3.48%
Halifax Share Dealings	3.30%
Ronald Lansdell	3.28%
AJ Bell Stockbrokers	3.27%
Barclays Wealth Management	3.22%

None of the current directors hold 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).

On behalf of the Board



Graham Forbes
Chief Financial Officer
27 April 2022

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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

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

- Select suitable accounting policies and then apply them consistently;
- State whether applicable United Kingdom Accounting Standards, comprising FRS 101 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 Company will continue in business.

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

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group 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 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 auditors are aware of that information.



Graham Forbes
Chief Financial Officer
27 April 2022

AUDIT COMMITTEE REPORT

Introduction

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

Membership & Meetings Held

The Audit Committee is chaired by Marcus Stanton and its other members are Les Thomas and Frank Moxon (both Non-Executive Directors). The Committee formally met three times during 2021, linked both to events in the Group's financial calendar and to certain ad hoc matters. In addition, an informal meeting of the committee was held in connection with the 2021 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 Commercial Officer attended certain of these meetings. The external audit partner also attended the informal meeting held in connection with the Group's 2021 Report and Accounts.

Role of the Audit Committee

The Terms of Reference for the Audit Committee, which have been prepared in accordance with the OCA 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 2021 Annual Report and the accounting for our licence interests,
- Review of the interim results for the six months ended 30 June 2021;
- Review of the 2021 cash budget and preparation of the 2022 cash forecast;
- Review, update and revision of the Group's Financial Reporting policies and procedures;
- Review of the 2021 Annual report and Accounts, including the consideration of significant judgements, estimates and internal controls in the preparation of these, and concluding on going concern and the recoverability of intangible assets; and
- Introduction of the new Chief Financial Officer and Chief Commercial Officer to the various financial policies and

procedures as operated by the Group.

The Committee also considered the independence and objectivity of the PwC audit function. Given the relatively small amount of non-audit services provided during 2021 and with the PwC engagement partner in his third year as engagement partner (as compared to the five years considered appropriate to rotate an engagement partner), the Committee is of the view that PwC can continue to be considered independent.

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 a Risk Register, maintained by the Chief Commercial Officer, which is presented and discussed at Board meetings.



Marcus Stanton
Chairman of the Audit Committee
27 April 2022

REMUNERATION REPORT

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 2021 sets out the details of the remuneration policy for the Directors, describes its implementation and discloses the amounts paid during the year. The remuneration report has not been audited.

Membership & Meetings Held

The Remuneration Committee is chaired by Frank Moxon and its other members are Les Thomas (appointed April 2021) and Marcus Stanton (both Non-Executive Directors). The Committee met formally four times during 2021 in addition to carrying out significant work in respect of the Board restructuring announced in November 2021.

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 strategy;
- An appropriate link between performance and reward;
- Alignment of Directors, senior management and shareholder interests;
- 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 ("EMI") and Unapproved Share Option Plan (the "Old Share Option Plan"), which was replaced on 23 November 2021 with the Jersey Oil and Gas Plc 2021 Employee Share Option Plan (the "New Share Option Plan").

Performance of the Group in 2021

2021 was a particularly active year for the Group from both a corporate and operational perspective.

Completion of a £16.61m (gross) equity raise in the first half of the year placed the Group in a strong position to continue progressing activities on the GBA development and carry forward the project into the farm-out phase of activities. Work was completed during the year on the technical studies required to engineer the platform development concept and on the offshore geotechnical and environmental baseline data acquisition surveys, the latter being an important input into the next stage of development engineering activities and the preparation of the Environmental Statement that is submitted as part of the Field Development Plan process. Importantly, all this work has served to facilitate the on-going farm-out process and the evaluation of the wider set of potential alternative development solutions that are being assessed in collaboration with various counterparties. Concluding a successful GBA farm-out is the next key step required to drive the

Group forward and unlock the long-term shareholder value that resides within the oil and gas resource base that JOG has established over recent years.

Key Activities in 2021

- Recommended option awards to Directors and employees which were granted in March 2021 and to a newly appointed director and senior employee which were granted in November 2021;
- Approved the vesting of the sole tranche of share options granted to directors in January 2018 and the second tranche of options granted to directors and employees in January 2019, any relevant performance conditions having been deemed by the Committee to have been met;
- Reviewed and made recommendations on the remuneration of the new Chief Financial Officer and Chief Commercial Officer (appointed November 2021) and the exit arrangements for R J Lansdell and V J Gibbs (both resigned November 2021); and,
- Recommended the adoption of the New Share Option Plan and a corresponding Jersey Oil and Gas Plc 2021 Non-Employee Share Option Plan.

Advisers

H2glenfern Limited ("h2glenfern") was appointed in 2017 to act as independent adviser to the Committee. During 2021 h2glenfern advised the Committee on the terms of the New Share Option Plan and on the remuneration of the new Chief Financial Officer and Chief Commercial Officer appointed in November 2021. 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 Group.

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 J A Benitz and R J Lansdell (resigned 20 November 2021) as at 1 January 2021 were both £250,000 (2020: £250,000). The salary of V J Gibbs (resigned 20 November 2021) as at 1 January 2021 was £220,000 (2020: £220,000). The annual salary of G A Forbes (appointed 22 November 2021) is £240,000.

Given the peer group alignment of remuneration for Executive Directors in 2019, the culmination of concept select work during 2020 and early 2021 and plans to seek a partner for the Greater Buchan Area project ("the GBA Sales Process") which will determine, and could significantly increase, the future scale and direction of the Group's business activities, no remuneration review was conducted by the Committee during 2021. The next review of Executive Director salaries is likely to take place after the culmination of the GBA Sales Process.

Benefits in Kind & Cash Equivalents

Benefits provided to Executive Directors during the year comprised life and income protection insurance and private health insurance. In addition, J A Benitz received a 10% matching pension contribution while G A Forbes, R J Lansdell and V J Gibbs took an 8% cash alternative.

Discretionary Bonuses

No bonus awards were made to Executive Directors for performance during 2021. The Committee will review performance on completion of the GBA Sales Process and may award interim cash bonuses in the event of a successful outcome.

Recognising the challenges of transitioning to working from home during much of 2021 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 2021, but not to the Executive Directors.

Share Option Plan

Under the terms of the Old 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.

The terms of the New Share Option Plan (adopted on 23 November 2021) are substantially the same as the previous plan save for some primarily administrative amendments and the removal of EMI provisions since JOG no longer meets the relevant eligibility requirements.

New share option awards were made to Directors in March 2021 and to a newly appointed Director in November 2021.

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	G A Forbes	R J Lansdell	V J Gibbs
Effective Contract Date	11.03.19	22.11.21	11.03.19	11.03.19
Unexpired Term	Rolling Contract	Rolling Contract	Resigned 20.11.21	Resigned 20.11.21
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	3 months	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 fee is set and reviewed annually by the Board, excluding the Non-Executive Directors.

During 2021, the annual fees for L J Thomas (Non-Executive Chairman), F H Moxon (Senior Independent Director) and M J Stanton (Non-Executive Director) were:

	Role	Fee	New Role	Fee	Date of Change
L J Thomas	Non-Exec. Director	£40,000	Non-Exec. Chairman	£60,000	Nov. 2021
F H Moxon	Non-Exec. Director	£45,000	Senior Independent Director	£50,000	Apr. 2021
M J Stanton	Non-Exec. Chairman	£65,000	Non-Exec. Director	£45,000	Nov. 2021

The fees of F H Moxon and M J Stanton had previously remained unchanged since November 2019. L J Thomas was appointed a Non-Executive Director in April 2021.

Non-Executive Directors do not receive additional fees for acting as members of the Board's various committees. However, during 2021, F H Moxon and M J Stanton received £18,161 and £9,000 respectively in additional fees for time spent, over and above their contractual time commitment, on matters relating to the November 2021 restructuring of the Board.

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.

	L J Thomas	M J Stanton	F Moxon
Date of Appointment	13.04.21	11.03.19	11.03.19
Unexpired Term	Rolling Contract	Rolling Contract	Rolling Contract
Notice Period	3 Months	3 Months	3 Months
Loss of Compensation	No	No	No

Directors' Emoluments

Presented in £'000s	Year Ended 31 Dec. 2021					Year Ended 31 Dec. 2020				
	Salary ⁽¹⁾ / Fees	Pension	Benefits	Exercise of Options ⁽⁶⁾	Total	Salary / Fees	Pension	Benefits	Exercise of Options	Total
J A Benitz	250	25	6	54	335	250	25	5	-	280
G A Forbes <i>Appointed Nov. 2021</i>	29	-	-	-	29	-	-	-	-	-
R J Lansdell ⁽²⁾ <i>Resigned Nov. 2021</i>	247	-	4	54	305	270	-	7	-	277
V J Gibbs ⁽³⁾ <i>Resigned Nov. 2021</i>	225	-	7	-	232	238	-	5	-	243
Executive Directors	751	25	17	108	901	758	25	17	-	800
L J Thomas <i>Appointed Apr. 2021</i>	31	-	-	-	31	-	-	-	-	-
M J Stanton ⁽⁴⁾	84	-	-	12	96	65	-	-	-	65
F H Moxon ⁽⁵⁾	73	2	-	6	81	56	2	-	-	58
Non-Exec. Directors	188	2	-	18	208	121	2	-	-	123
Total Directors	939	27	17	126	1,109	879	27	17	-	923

Notes:

- Salary includes an 8% cash contribution as an alternative to a matching 10% pension contribution if elected.
- Ronald Lansdell served as Chief Operating Officer until 19th November 2021 when JOG made several senior management and Board changes. In addition to the salary stated above, salary in lieu of notice, benefits and settlement costs were accrued in the financial year ended 31 December 2021 and have all now been fully settled. The total salary cost of the notice period was £270,000, of which £247,500 was accrued, the social security relating to this amounted to £7,812 and accrued healthcare costs were £8,087. In addition, there was compensation for loss of office of £135,000.
- Vicary Gibbs served as Chief Financial Officer until 19th November 2021 when JOG made several senior management and Board changes. In addition to the salary stated above, salary in lieu of notice, benefits and settlement costs were accrued in the financial year ended December 2021 and have all now been fully settled. The salary cost of the notice period was £237,600, the social security relating to this amounted to £42,173 and accrued healthcare and life cover costs were £5,110. In addition, there was compensation for loss of office of £91,125.
- Marcus Stanton's remuneration comprised of his annual fee plus an additional £9,000 for time spent, over and above their contractual time commitment, on matters relating to the November 2021 restructuring of the Board.
- Frank Moxon's remuneration comprised of his annual fee plus an additional £18,161 for time spent, over and above their contractual time commitment, on matters relating to the November 2021 restructuring of the Board.
- The amount of the gain on exercising share options calculated as the difference between market price of the shares on the day of exercise and the price actually paid for the shares.

There were no bonus' to Directors paid in 2021 (2020:nil)

Options held by Directors at 31 December 2021 are set out below.

Presented in '000s	Exercisable By	At 1 Jan 2020	Issued	Exercised	Lapsed	At 31 Dec 2020	Issued	Exercised	Lapsed	At 31 Dec 2021
Executive Directors										
J A Benitz										
At 110.op (note 1)	29.11.21	180	-	-	-	180	-	(180)	-	-
At 200.op (note 2)	29.01.25	180	-	-	-	180	-	-	-	180
At 175.op (note 5)	17.01.26	70	-	-	-	70	-	-	-	70
At 210.op (note 7)	18.03.28	-	-	-	-	-	110	-	-	110
		430	-	-	-	430	110	(180)	-	360
G A Forbes (appointed Nov. 2021)										
At 147.op (note 9)	23.11.28	-	-	-	-	-	350	-	-	350
		-	-	-	-	-	350	-	-	350
R J Lansdell (resigned Nov. 2021)										
At 110.op (note 1)	29.11.21	180	-	-	-	180	-	(180)	-	-
At 200.op (note 2)	29.01.25	180	-	-	-	180	-	-	-	180
At 175.op (note 5)	17.01.26	70	-	-	-	70	-	-	-	70
At 210.op (note 7)	18.03.28	-	-	-	-	-	110	-	-	110
		430	-	-	-	430	110	(180)	-	360
V J Gibbs (resigned Nov. 2021)										
At 172.op (note 3)	14.11.25	150	-	-	-	150	-	-	-	150
At 175.op (note 5)	17.01.26	40	-	-	-	40	-	-	(13)	27
At 210.op (note 7)	18.03.28	-	-	-	-	-	75	-	(75)	-
		190	-	-	-	190	75	-	(88)	177
Non-Executive Directors										
L J Thomas										
		-	-	-	-	-	-	-	-	-
F H Moxon										
At 110.op (note 1)	29.11.21	20	-	-	-	20	-	(20)	-	-
At 200.op (note 2)	29.01.23	20	-	-	-	20	-	-	-	20
At 175.op (note 6)	17.01.24	15	-	-	-	15	-	-	-	15
At 210.op (note 8)	18.03.26	-	-	-	-	-	15	-	-	15
		55	-	-	-	55	15	(20)	-	50
M J Stanton										
At 4,300.op (note 4)	12.03.21	2	-	-	-	2	-	-	(2)	-
At 110.op (note 1)	29.11.21	40	-	-	-	40	-	(40)	-	-
At 200.op (note 2)	29.01.23	40	-	-	-	40	-	-	-	40
At 175.op (note 6)	17.01.24	20	-	-	-	20	-	-	-	20
At 210.op (note 8)	18.03.26	-	-	-	-	-	20	-	-	20
		102	-	-	-	102	20	(40)	(2)	80
Total		1,207	-	-	-	1,207	680	(420)	(90)	1,377

Notes:

- Granted on 29 November 2016 under the Old Share Option Plan. All the options have vested, were exercisable up to 29 November 2021 and lapsed if not exercised by that date.
- Granted on 29 January 2018 under the Old Share Option Plan. All the options have vested, are exercisable at any time up to 29 January 2025 and if not exercised by that date will lapse.
- Granted on 14 November 2018 under the Old Share Option Plan. All the options have vested, are exercisable at any time up to 14 November 2025 and if not exercised by that date will lapse.
- 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.
- Granted on 17 January 2019 under the Old Share Option Plan. All the options have vested, are exercisable up to 17 January 2026 and will lapse if not exercised by such date.
- Granted on 17 January 2019 under the Old Share Option Plan. All the options have vested, are exercisable up to 17 January 2024 and will lapse if not exercised by such date.
- Granted on 18 March 2021 under the Old 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. The first tranche has already vested. Subject to vesting and such performance conditions being met, the Options are exercisable up to 18 March 2028 and will lapse if not exercised by such date.
- Granted on 18 March 2021 under the Old 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, the new Options are exercisable up to 18 March 2026 and will lapse if not exercised by such date.
- Granted on 23 November 2021 under the New 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. On announcement of a farm-out in respect of the Group's Greater Buchan Area ("GBA") development project, the Options will vest in full and become exercisable from such date. Subject to vesting and such performance conditions being met, the new Options are exercisable up to 23 November 2028 and will lapse if not exercised by such date.

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.

A handwritten signature in black ink that reads "Frank Moxon". The signature is written in a cursive style and is positioned above a horizontal line.

Frank Moxon
Chairman of the Remuneration Committee

27 April 2022

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 2021 and of the group's loss and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements 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 2021; the Consolidated Statement Of Comprehensive Income, the Consolidated and Company Statements Of Changes In Equity and the Consolidated Statement 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. We also performed audit procedures on specified balances and transactions within Jersey Oil and Gas E&P Limited due to the financial significance to the group consolidation. 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

- Impairment of Intangible Assets (group)

Materiality

- Overall group materiality: £350,000 (2020: £208,000) based on 1% of total assets.
- Overall company materiality: £200,000 (2020: £200,000) based on 1% of total assets.
- Performance materiality: £262,500 (2020: £156,000) (group) and £150,000 (2020: £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.

Impairment of Intangible Assets (group) is a new key audit matter this year. Going Concern (group and company) and Impact of Covid-19 on the financial statements (group and company), which were key audit matters last year, are no longer included because of the funding position of the group and the Directors' ability to control and fund ongoing operations for at least 12 months from the approval of the financial statements as well as our conclusion from the directors' assessment of the impact of COVID-19 on the group's financial statements that the likely impact of COVID-19 on the group's operations and financial statements is deemed to be insignificant.. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
<p><i>Impairment of Intangible Assets (group)</i></p> <p>As at 31 December 2021, the consolidated balance sheet contained £21.5m of intangible exploration assets at 31 December 2021. In line with IFRS 6 'Exploration for and Evaluation of Mineral Resources', management have assessed the intangible assets for indicators of impairment. We have focused on this area given the significance of the balance of intangible exploration assets as well as management judgement involved in determining the existence of impairment triggers under IFRS 6. Please refer to Note 1 'Significant accounting policies, Significant Accounting Judgements and Estimates' and Note 10 'Intangible Assets'.</p>	<p>In auditing management's impairment trigger assessment, we performed the following:</p> <ul style="list-style-type: none"> • Obtained and reviewed the relevant licence agreements relating to the GBA (Greater Buchan Area) assets; • Understood, corroborated and challenged management's plans and budgets for future activity on the GBA licences; • Understood and assessed the status of the GBA farm-out process as well as the group's interactions with the NTSA (North Sea Transition Authority) including considering whether these gave rise to any indicator that the GBA licences will not be extended beyond their current terms; • Assessed the objectivity and competence of management's external reserves experts as well as the results of valuations performed on the GBA assets for any indicators that the value of intangibles may not be recoverable; • Considered other factors which could indicate the existence of an impairment trigger including commodity price movements and movements in estimated reserves which could indicate that the GBA assets may not be recoverable; • Assessed management's disclosures contained in the financial statements. <p>Based on our procedures, we concur with management's assessment that no indicators of impairment existed in relation to intangible exploration assets at the year end.</p>

We also consider the disclosures included in the annual report to be reasonable, including management's judgement in relation to licence extension.

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 five components. Additionally there are four 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 & 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. As part of our planning procedures, utilising our knowledge of the group gained in previous audits, we reviewed management's climate change strategy and assessment of the risk with regards to the potential impacts of climate change including the impact on future development activity on GBA in particular. We formed our own view in concluding that climate risk is not considered to result in a significant audit risk in the context of the Group and Company audits for the current year.

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
<i>Overall materiality</i>	£350,000 (2020: £208,000).	£200,000 (2020: £200,000).
<i>How we determined it</i>	1% of total assets	1% of total assets
<i>Rationale for benchmark applied</i>	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 due to the allocation provided in the materiality calculations.

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 - £320,000. 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% (2020: 75%) of overall materiality, amounting to £262,500 (2020: £156,000) for the group financial statements and £150,000 (2020: £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 £17,500 (group audit) (2020: £10,400) and £17,500 (company audit) (2020: £11,000) 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 operating cost assumptions to underlying support on a sample basis and challenging the reasonableness of baseline operating costs.
- Checking the mathematical accuracy of management's cash flow forecast.
- Obtaining evidence of the opening cash position in April 2022
- 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.
- Reviewing the disclosures contained in the financial statements.

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.

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 2021 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 Petroleum Act 1998, 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 disclosures relating to 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.
- Testing over journals posted by management to address the risk of management override of controls. This involved testing of journals containing unusual amounts and unusual words.

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.

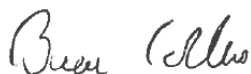
Other required reporting

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
27 April 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2021

	Note	2021 £	2020 £
Revenue		—	—
Cost of sales		(101,079)	(53,046)
Gross loss		(101,079)	(53,046)
Exploration write-off/licence relinquishment	10	(447,812)	—
Other losses	7	—	(637,028)
Administrative expenses		(3,672,135)	(2,111,532)
Operating loss		(4,221,026)	(2,801,606)
Finance income	6	1,807	27,937
Finance expense	6	(6,098)	(8,262)
Loss before tax		(4,225,317)	(2,781,931)
Tax	8	—	—
Loss for the year		(4,225,317)	(2,781,931)
Total comprehensive loss for the year (net of tax)		(4,225,317)	(2,781,931)
Total comprehensive loss for the year attributable to:			
Owners of the parent		(4,225,317)	(2,781,931)
Loss per share expressed in pence per share:			
Basic	9	(14.48)	(12.74)
Diluted	9	(14.48)	(12.74)

The notes on pages 44 to 63 are an integral part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2021

	Note	2021 £	2020 £
Non-current assets			
Intangible assets exploration & development costs	10	21,514,153	14,991,295
Property, plant and equipment	11	40,077	74,549
Right-of-use assets	12	185,008	197,374
Deposits		31,112	82,642
		21,770,350	15,345,860
Current assets			
Trade and other receivables	13	353,114	401,440
Cash and cash equivalents	14	13,038,388	5,081,515
		13,391,502	5,482,955
Total assets		35,161,852	20,828,815
Equity			
Called up share capital	15	2,573,395	2,466,144
Share premium account		110,309,524	93,851,526
Share options reserve	19	1,397,287	2,109,969
Accumulated losses		(81,551,730)	(78,509,819)
Reorganisation reserve		(382,543)	(382,543)
Total equity		32,345,933	19,535,277
Liabilities			
Non-current liabilities			
Lease liabilities	17	83,012	101,270
		83,012	101,270
Current liabilities			
Trade and other payables	16	2,603,707	1,069,620
Lease liabilities	12	129,200	122,648
		2,732,907	1,192,268
Total liabilities		2,815,919	1,293,538
Total equity and liabilities		35,161,852	20,828,815

The financial statements on pages 41 to 43 were approved by the Board of Directors and authorised for issue on 27 April 2022. They were signed on its behalf by Graham Forbes – Chief Financial Officer.



Graham Forbes
Chief Financial Officer
27 April 2022
Company Registration Number: 07503957

The notes on pages 44 to 63 are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Called up share capital £	Share premium account £	Share options reserve £	Accumulated losses £	Reorganisation reserve £	Total equity £
At 1 January 2020	2,466,144	93,851,526	1,928,099	(75,727,888)	(382,543)	22,135,338
Loss and total comprehensiveloss for the year	-	-	-	(2,781,931)	-	(2,781,931)
Share based payments	-	-	181,870	-	-	181,870
At 31 December 2020 and 1 January 2021	2,466,144	93,851,526	2,109,969	(78,509,819)	(382,543)	19,535,277
Loss and total comprehensiveloss for the year	-	-	-	(4,225,317)	-	(4,225,317)
Issue of share capital	107,251	16,457,997	-	-	-	16,565,248
Expired share options	-	-	(909,176)	909,176	-	-
Exercised share options	-	-	(274,230)	274,230	-	-
Share based payments	-	-	470,725	-	-	470,725
At 31 December 2021	2,573,395	110,309,523	1,397,287	(81,551,730)	(382,543)	32,345,933

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 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Cash used in operations	21	(1,495,899)	(2,160,164)
Net interest received	6	1,807	27,937
Net interest paid	6	(6,098)	(8,262)
Net cash used in operating activities		(1,500,190)	(2,140,489)
Cash flows from investing activities			
Addition of intangible assets	10	(6,970,670)	(4,898,731)
Purchase of tangible assets	10	-	(84,865)
Net cash used in investing activities		(6,970,670)	(4,983,596)
Cash flows from financing activities			
Principal elements of lease payments		(137,516)	(112,936)
Net proceeds from issue of shares		16,565,248	-
Net cash generated from/(used in) financing activities		16,427,732	(112,936)
Increase/(decrease) in cash and cash equivalents	21	7,956,873	(7,237,021)
Cash and cash equivalents at beginning of year	14	5,081,515	12,318,536
Cash and cash equivalents at end of year	14	13,038,388	5,081,515

The notes on pages 44 to 63 are an integral part of these financial statements

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

The consolidated financial statements of Jersey Oil and Gas Plc as of 31 December, 2021 and for the year then ended (the "consolidated financial statements") were prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006 (the "Companies Act").

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. Jersey Oil and Gas Plc transitioned to UK-adopted International Accounting Standards in its consolidated financial statements on 1 January 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework. The consolidated financial statements of Jersey Oil and Gas Plc have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to those companies reporting under those standards.

The financial statements have been prepared under the historic cost convention, except as disclosed in the accounting policies below.

Going Concern

The Group has sufficient resources to meet its liabilities as they fall due for a period of at least 12 months after the date of issue of these financial statements. Further to the equity raise completed in March 2021, the Group has substantial cash reserves with currently no firm work commitments on any of the Group's licences, other than ongoing Operator overheads and licence fees. Other work that the Group is undertaking in respect of the GBA licences and surrounding areas is modest relative to its current cash reserves. A range of potential farm-out scenarios has also been modelled to provide further comfort. The Company's current cash reserves are therefore expected to more than exceed its estimated cash outflows in all reasonable scenarios for at least 12 months following the date of issue of these financial statements. Based on these circumstances, the Directors have considered it appropriate to adopt the going concern basis of accounting in preparing the consolidated financial statements.

Changes in Accounting Policies and Disclosures

(a) New and amended standards adopted by the Group:

At the start of the year the following standards were adopted:

- Covid-19-Related Rent Concessions (Amendment to IFRS 16);
- Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16);
- IFRS3 conceptual framework amendment; and
- Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16);

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

(b) Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions:

- IFRS₁₇ Insurance Contracts;
- Property, Plant and Equipment: Proceeds before intended use (Amendment to IAS 16);
- Reference to Conceptual Framework (Amendments to IFRS 3);
- Onerous Contracts – Cost of Fulfilling a contract (Amendments to IAS 37);
- Annual Improvements to IFRS Standards 2018-2020

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 10).
- The estimation of share-based payment costs (note 19).

Impairments

The Group tests its capitalised exploration licence costs for impairment when indicators, further detailed below under 'Exploration and Evaluation Costs' as set out in IFRS 6, suggest that the carrying amount exceeds the recoverable amount which is inherently judgmental. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of the Cash Generating Unit is the higher of an asset's fair value less costs of disposal and value in use. The Group assessed that there were no impairment triggers during the year – this included the judgement that there was no trigger arising from future licence expiry for which we did not expect the licence concerned to be renewed.

Share-Based Payments

The Group currently has a number of share schemes that give rise to share-based payment charges. The charge to operating profit for these schemes amounted to £470,725 (2020: £181,870). Estimates and judgements for determining the fair value of the share options are required. For the purposes of the calculation, 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 Group'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.

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 the 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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.

(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.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. 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.

Acquisitions, Asset Purchases and Disposals

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 Consolidated Statement of Comprehensive Income.

Acquisitions of oil and gas properties are accounted for under the purchase method where the acquisition meets the definition of a business combination. 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 IFRS 9 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over 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.

Exploration and Evaluation Costs

The Group accounts 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.

Potential indicators of impairment include but are not limited to:

- a) 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.
- b) substantive expenditure on further exploration for and evaluation of oil and gas reserves in the specific area is neither budgeted nor planned.
- c) 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.
- d) sufficient data exist 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.

The Group analyses the oil and gas assets into cash generating units (CGUs) for impairment and reporting purposes. In the event an impairment trigger is identified the Group performs a full impairment test for the CGU 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 of disposal. A cost of £255,847 was recorded for relinquishing P2497 Block 20/4c (Zermatt), and £191,965 for P2499 Block 21/2a (Glenn) in the financial year ended 31 December 2021, resulting in the carrying value of both assets being £nil.

As at 31 December 2021, the carrying value of intangible assets was £21.5m, as per Note 10 'Intangible Assets'. The Group considered other factors which could give rise to an impairment trigger such as commodity prices, licence expiration dates, budgeted spend and movements in estimated recoverable reserves. The group exercised judgement in determining that the licence agreements will be likely be extended by the NSTA. Based on this assessment, no impairment triggers existed in relation to exploration assets as of 31 December 2021.

Cost of Sales

Within the statement of comprehensive income, costs directly associated with generating future revenue are included in cost of sales such as software licences that were used across the asset base. 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.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

Leases

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.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

Joint Ventures

The Group participates in joint venture/operation agreements with strategic partners, these are classified as joint operations. 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.

Financial Instruments

Financial assets and financial liabilities are recognised in the Group and Company'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.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any expected credit loss. The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss will be recognised in the Consolidated Statement of Comprehensive Income within administrative expenses. Subsequent recoveries of amounts previously provided for are credited against administrative expenses in the Consolidated Statement of Comprehensive Income.

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

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where Jersey Oil and Gas Plc and its subsidiaries operate and generate taxable income. We periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current Tax

Current tax is payable based upon taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Any Group liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Foreign Currencies

The functional currency of the Company and its subsidiaries 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 Consolidated 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 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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.

3. 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 2021 and 2020 the Group had no revenue.

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.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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 mix needs and suitability dependent upon the development 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. As at 31 December 2021 there are no borrowings within the Group (2020: 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.

Maturity analysis of financial assets and liabilities

Financial assets

	2021 £	2020 £
Up to 3 months	233,864	446,082
3 to 6 months	—	35,980
Over 6 months	31,112	199,395
	264,976	681,457

Financial liabilities

	2021 £	2020 £
Up to 3 months	2,232,325	1,069,620
3 to 6 months	—	—
Over 6 months	—	—
	2,232,325	1,069,620

Lease liabilities

	2021 £	2020 £
Up to 3 months	31,028	46,712
3 to 6 months	31,261	40,231
Over 6 months	149,923	136,975
	212,212	223,918

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

5. Employees and Directors

	2021 £	2020 £
Wages and salaries*	2,207,384	1,841,230
Social security costs**	215,267	145,605
Share-based payments (note 19)	470,724	181,870
Other pension costs	218,253	181,010
	3,111,628	2,349,715

*In addition, there were payments in lieu of notice and loss of office fees of £733,725.

** In addition, there were social security costs associated with the payments in lieu of notice and loss of office of £49,985.

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

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

	2021 £	2020 £
Directors	6	5
Employees - Finance	1	1
Employees - Technical	10	8
	17	14

Directors Remuneration:	2021 £	2020 £
Directors' remuneration*	938,465	878,100
Directors' pension contributions to money purchase schemes	26,450	26,665
Share-based payments (note 19)	207,534	153,816
Benefits**	17,074	17,104
	1,189,523	1,075,685

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

*In addition, there were payments in lieu of notice and loss of office fees of £733,725.

** In addition, there were benefit costs associated with the payments in lieu of notice and loss of office of £13,197.

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

	2021 £	2020 £
Money purchase schemes	2	2

Information regarding the highest paid Director is as follows:

	2021 £	2020 £
Aggregate emoluments and benefits	256,036	254,784
Share-based payments	74,707	52,470
Pension contributions	25,000	25,000
	355,743	332,254

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

Key management compensation

Key management includes Directors (Executive and Non-Executive) and an advisor to the Board. The compensation paid or payable to key management for employee services is shown below:

	2021	2020
	£	£
Wages and short-term employee benefits*	992,204	895,203
Share-based payments (note 19)	207,534	153,816
Pension Contributions	26,450	26,665
	1,226,188	1,075,684

*In addition, there were payments in lieu of notice and loss of office fees of £733,725 and associated benefit costs of £13,197.

6. Net Finance Cost

	2021	2020
	£	£
Finance income:		
Interest received	1,807	27,937
	1,807	27,937
Finance costs:		
Interest paid	(278)	(33)
Interest on lease liability	(5,820)	(8,229)
	(6,098)	(8,262)
Net finance income	(4,290)	19,675

7. Loss Before Tax

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

	2021	2020
	£	£
Depreciation - tangible assets	34,472	23,977
Depreciation - right-of-use asset	138,176	135,493
Auditors' remuneration - audit of parent company and consolidation	80,000	58,000
Auditors' remuneration - audit of subsidiaries	27,000	20,000
Auditors' remuneration - non-audit work (taxation advice)	3,150	16,000
TGS Settlement	—	637,028
Foreign exchange gain	(6,027)	(5,600)

In December 2020, the Group 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 Group 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 Group agreed a final settlement payment to TGS of US\$850,000 (£637,028).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

8. Tax

Reconciliation of tax charge

	2021 £	2020 £
Loss before tax	(4,225,317)	(2,781,931)
Tax at the domestic rate of 19% (2020: 19%)	(802,810)	(528,567)
Capital allowances in excess of depreciation	(1,330,468)	(957,549)
Expenses not deductible for tax purposes and non-taxable income	91,330	35,704
Deferred tax asset not recognised	2,041,949	1,450,412
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 2021, or for the year ended 31 December 2020.

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 £57 million (2020: £46million).

9. 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 there 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 2021			
Basic and Diluted EPS			
Basic & Diluted	(4,225,317)	29,171,548	(14.48)
Year ended 31 December 2020			
Basic and Diluted EPS			
Basic & Diluted	(2,781,931)	21,829,227	(12.74)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

10. Intangible Assets

	Exploration costs £
Cost	
At 1 January 2020	10,267,805
Additions	4,898,731
At 31 December 2020	15,166,536
Additions	6,970,670
Exploration write-off/relinquishment	(447,812)
At 31 December 2021	21,689,394
Accumulated Amortisation	
At 1 January 2020	175,241
Charge for the year	–
Amortisation on disposal	–
At 31 December 2020	175,241
At 31 December 2021	175,241
Net Book Value	
At 31 December 2021	21,514,153
At 31 December 2020	14,991,295

During the year, the Group relinquished licences P2497 Block 20/4c (Zermatt) and P2499 Block 21/2a (Glenn). Following undertaking a comprehensive technical and economic evaluation of licences P2497 and P2499 and meetings held with the North Sea Transition Authority ("NSTA"), the NSTA confirmed that it was satisfied that the Phase A Firm Commitments for both licences had been fulfilled. JOG has decided not to progress to the next licence phase, which would have required committing to a firm well in each of these two licence areas. Accordingly, the licences automatically ceased and determined at the end of Phase A of their Initial Term on 29 August 2021.

In 2020, the Group acquired an additional 70% working interest in licence P2170 (Verbier) in addition to the existing 18% equity interest and retained 100% working interests in the licences awarded pursuant to the NSTA's 31st 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 NSTA'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 April 2021, the Group acquired an additional 12% working interest in P2170 following the acquisition of Cieco V&C (UK) Limited (now Jersey V&C Ltd), thereby resulting in the Group owning 100% of this licence which includes the Verbier oil discovery, some 6km from the Buchan oil field. The consideration for the acquisition included a completion payment of £150k and two future milestone payments, details of which can be found in note 18.

In line with the requirements of IFRS 6, we have considered whether there are any indicators of impairment on the exploration and development assets. Based on our assessment, as at 31 December 2021 there are not deemed to be indicators that the licences are not commercial and the carrying value of £21,514,153 continues to be supported by ongoing exploration and development work on the licence area with no impairments considered necessary.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

11. Property, Plant and Equipment

	Computer and office equipment	£
Cost		
At 1 January 2020		143,582
Additions		84,865
At 31 December 2020		228,447
Additions		–
At 31 December 2021		228,447
Accumulated Depreciation		
At 1 January 2020		129,921
Charge for the year		23,977
At 31 December 2020		153,898
Charge for the year		34,472
At 31 December 2021		188,370
Net Book Value		
At 31 December 2021		40,077
At 31 December 2020		74,549

12. Leases

Amounts Recognised in the Statement of financial position

	2021 £	2020 £
Right-of-use Assets		
Buildings	185,008	197,374
	185,008	197,374
Lease liabilities		
Current	129,200	122,648
Non-Current	83,012	101,270
	212,212	223,918

The 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 2021 remained at 3% and the leases relate to office space.

A new lease agreement was entered into in September 2021 with a lease end date of September 2023, this was in relation to the London office.

Amounts Recognised in the Statement of comprehensive income

	2021 £	2020 £
Depreciation charge of right-of-use asset		
Buildings	138,176	135,493
	138,176	135,493
Interest expenses (included in finance cost)	(5,820)	(8,230)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

13. Trade and other receivables

	2021 £	2020 £
Current:		
Other receivables	30	91,020
Value added tax	233,835	161,111
Prepayments and accrued revenue	119,249	149,309
	353,114	401,440

As at 31 December 2021, there were no trade receivables past due nor impaired.

14. Cash and cash equivalents

	2021 £	2020 £
Cash in bank accounts	13,038,388	5,081,515

The cash balances are placed with creditworthy financial institutions with a minimum rating of 'A'.

15. Called up share capital

Issued and fully paid:		Nominal value	2021 £	2020 £
Number:	Class			
32,554,293 (2020:21,829,227)	Ordinary	1p	2,573,395	2,466,144

Ordinary shares have a par value of 1p. They entitle the holder to participate in dividends, distribution or other participation in the profits of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote, and on a poll each share is entitled to one vote.

During the year 660,000 ordinary shares were issued to satisfy the exercise of share options which raised £778,357 (gross). An oversubscribed placing and subscription of shares raised a further £16.61m (gross) with a total of 10,065,066 ordinary shares issued.

16. Trade and other payables

	2021 £	2020 £
Current:		
Trade payables	1,211,220	451,857
Accrued expenses	1,021,105	465,291
Other payables	—	74,905
Taxation and Social Security	371,381	77,567
	2,603,706	1,069,620

17. Lease liabilities

	2021 £	2020 £
Non-Current:		
Lease liabilities	83,012	101,270
	83,012	101,270

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

18. 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 2020, JOG 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 will be accounted for in line with the cost accumulation model, as opposed to contingent liabilities:

- US\$3 million upon sanctioning by the UK's North Sea Transition Authority ("NSTA") 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 2025.

(iii) **ITOCHU Corporation and Japan Oil, Gas and Metals National Corporation:** During 2020, JOG 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 acquisition was treated as an asset acquisition rather than a business combination due to the nature of the asset acquired. There were no assets or liabilities acquired other than the 12% interest in licence P2170 (Verbier). 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 North Sea Transition Authority ("NSTA") 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 2025.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

19. Share based payments

The Group operates several share options 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 £470,725 (2020: £181,870) 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		Options exercised	Options lapsed/non vesting during the year	No. of shares for which options outstanding at 31 Dec 2021
				1 Jan 2021	Options issued			
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	4,370	-	-	(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	-	-	(523)	-
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	166,667	-	(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	70,000	-	-	-	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	81,666	-	-	(13,333)	68,333
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	-	-	-	11,667
Jun 2019	200	Jan 2021	Jun 2029	120,000	-	-	-	120,000
Jun 2019	110	Jun 2019	Jun 2029	40,000	-	-	-	40,000
Jan 2021	155	Jan 2022	Jan 2028	-	83,333	-	-	83,333
Jan 2021	155	Jan 2023	Jan 2028	-	83,333	-	-	83,333
Jan 2021	155	Jan 2024	Jan 2028	-	83,334	-	-	83,334
Mar 2021	210	Mar 2022	Mar 2026	-	11,666	-	-	11,666
Mar 2021	210	Mar 2023	Mar 2026	-	11,667	-	-	11,667
Mar 2021	210	Mar 2024	Mar 2026	-	11,667	-	-	11,667
Mar 2021	210	Mar 2022	Mar 2028	-	162,334	-	(25,000)	137,334
Mar 2021	210	Mar 2023	Mar 2028	-	162,333	-	(25,000)	137,333
Mar 2021	210	Mar 2024	Mar 2028	-	162,333	-	(25,000)	137,333
Nov 2021	147	Nov 2022	Nov 2028	-	233,334	-	-	233,334
Nov 2021	147	Nov 2022	Nov 2028	-	233,333	-	-	233,333
Nov 2021	147	Nov 2022	Nov 2028	-	233,333	-	-	233,333
Total								2,709,333

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

The weighted average of the options granted during the year was determined using a 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 2021 was 171 pence, the weighted average remaining contractual life of the options was 6 years (for all schemes 5 years), the weighted average volatility rates was 129% and the dividend yield was nil. There were 660,000 110 pence share options, from the November 2016 issue, exercised in the year. The weighted average exercise price of the exercisable options was 218 pence, and the 190 pence for all outstanding options at 31 December 2021. For schemes and scheme rules, please refer to the Remuneration Report.

20. 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 V&C 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 Nouveaux, St Helier, Jersey JE2 4ZJ

21. Notes to the consolidated statement of cash flows

Reconciliation of Loss Before Tax to Cash Used in Operations

	2021 £	2020 £
Loss for the year before tax	(4,225,317)	(2,781,931)
Adjusted for:		
Depreciation	34,472	23,977
Impairments	447,812	—
Depreciation right-of-use asset	138,176	135,493
Share-based payments (net)	470,724	181,870
Finance costs	6,098	8,262
Finance income	(1,807)	(27,937)
	(3,129,842)	(2,460,266)
(Increase)/decrease in trade and other receivables	99,856	(27,352)
Increase in trade and other payables	1,534,087	327,454
Cash used in operations	(1,495,899)	(2,160,164)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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 2021

	31 Dec 2021	31 Dec 2020
	£	£
Cash and cash equivalents	13,038,388	5,081,515

Year ended 2020

	31 Dec 2019	1 Jan 2019
	£	£
Cash and cash equivalents	5,081,515	12,318,536

Analysis of net cash

	At 1 Jan 2021	Cash flow	At 31 Dec 2021
		£	£
Cash and cash equivalents	5,081,515	7,956,873	13,038,388
Net cash	5,081,515	7,956,873	13,038,388

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

22. Post balance sheet events

The Group has considered its supply chain and activities in light of the Russia/Ukraine war and does not believe that there will be any impact on its business.

23. Availability of the annual report 2021

A copy of this report 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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For the year ended 31 December 2021

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COMPANY STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2021

	Note	2021 £	2020 £
Non-current assets			
Investments in subsidiaries	4	—	—
Property, plant and equipment	5	38,065	66,121
Right-of-use asset	6	106,514	76,064
		144,579	142,185
Current assets			
Trade and other receivables	7	26,090,088	17,088,267
Cash and cash equivalents	8	12,891,047	4,998,008
		38,981,135	22,086,275
Total assets		39,125,714	22,228,460
Equity			
Called up share capital	9	2,573,395	2,466,144
Share premium account		110,309,524	93,851,526
Share options reserve		1,397,282	2,109,964
Accumulated losses		(76,286,305)	(76,754,297)
Total equity		37,993,896	21,673,335
Non-current liabilities			
Lease liabilities	6	36,290	—
Current liabilities			
Trade and other payables	10	1,024,558	474,881
Lease liabilities	6	70,970	80,244
Total liabilities		1,131,818	555,125
Total equity and liabilities		39,125,714	22,228,460

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 £715,412 (2020: Loss of £1,083,379).

The financial statements on pages 65 and 66 were approved by the Board of Directors and authorised for issue on 27 April 2022. They were signed on its behalf by Graham Forbes – Chief Financial Officer.



Graham Forbes
Chief Financial Officer
27 April 2022

Company Registration Number: 07503957

The notes on pages 67 to 72 are an integral part of these financial statements

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Called up share capital £	Share premium account £	Share options reserve £	Accumulated losses £	Total equity £
At 1 January 2020	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
Total comprehensive loss for the year	–	–	–	(715,412)	(715,412)
Issue of share capital	107,251	16,457,997	–	–	16,565,248
Expired share options	–	–	(909,176)	909,176	–
Exercised share options	–	–	(274,230)	274,230	–
Transactions with owners (share-based payments)	–	–	470,725	–	470,725
At 31 December 2021	2,573,395	110,309,524	1,397,282	(76,286,305)	37,993,896

The following describes the nature and purpose of each reserve:

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 shareoptions 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

The notes on pages 67 to 72 are an integral part of these financial statements

Notes to the Company Financial Statements

For the year ended 31 December 2021

1. Significant accounting policies

Effective from 1 January 2021, the parent company Jersey Oil and Gas Plc changed its accounting framework from UK-adopted international accounting standards to the Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). Therefore, in preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK (UK-adopted international accounting standards) but makes amendments where necessary in order to comply with the Companies Act 2006 and to take advantage of FRS 101 disclosure exemptions.

On 31 December 2020, IFRS as adopted by the European Union and at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. In preparing these financial statements in accordance with FRS 101, the Company Financial Statements transitioned to UK-adopted international accounting standards (as described above) on 1 January 2021. There is no impact on recognition, measurement or disclosure in the period reported as a result of this change.

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.

The Company is a qualifying entity for the purposes of FRS 101. The application of FRS 101 has enabled the Company to take advantage of certain disclosure exemptions that would have been required had the Company adopted IFRS in full. The disclosure exemptions adopted by the Company are as follows:

The following exemptions from the requirements of IFRS have been applied in the preparation of the parent company financial statements, in accordance with FRS 101: Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).

- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements
- in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
 - paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d) (statement of cash flows);
 - 16 (statement of compliance with all IFRS).
 - 38A (requirement for minimum of two primary statements, including cash flow statements);
 - 38B-D (additional comparative information).
 - 111 (statement of cash flows information); and
 - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

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

Notes to the Company Financial Statements

For the year ended 31 December 2021

Going Concern

The Company has sufficient resources to meet its liabilities as they fall due for period of at least 12 months after the date of issue of these financial statements. Further to the equity raise completed in March 2021, the Company has substantial cash reserves with currently no firm work commitments on any of the Group's licences, other than ongoing Operator overheads and licence fees. Other work that the Group is undertaking in respect of the GBA licences and surrounding areas is modest relative to its current cash reserves. A range of potential farm-out scenarios has also been modelled to provide further comfort. The Company's current cash reserves are therefore expected to more than exceed its estimated cash outflows in all reasonable scenarios for at least 12 months following the date of issue of the financial statements. Based on these circumstances, the Directors have considered it appropriate to adopt the going concern basis of accounting in preparing the Company's consolidated 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 cashflows from operating activities, review of actual capital expenditure programmes, and managing maturity profiles of financial assets and financial liabilities.

2. Employees and directors

	2021 £	2020 £
Wages and salaries*	1,548,961	1,161,300
Social security costs**	190,882	121,025
Share based payments	470,724	181,869
Other pensions costs	175,253	138,010
	2,385,821	1,602,204

*In addition, there were payments in lieu of notice and loss of office fees of £328,725.

** In addition, there were social security costs associated with the payments in lieu of notice and loss of office of £42,173.

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:

	2021	2020
Directors	6	5
Employees – Finance	1	1
Employees – Technical	8	6
	15	12

Notes to the Company Financial Statements

For the year ended 31 December 2021

2. Employees and directors continued

	2021	2020
	£	£
Directors' remuneration*	487,042	382,100
Directors' pension contributions to money purchase schemes	1,450	1,665
Benefits**	6,881	5,346
	495,373	389,111

The Directors' remuneration excludes remuneration paid by other Group companies for services to the Group.

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

*In addition, there were payments in lieu of notice and loss of office fees of £328,725.

** In addition, there were benefit costs associated with the payments in lieu of notice and loss of office of £5,110.

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

	2021	2020
Money purchase schemes	1	1

Information regarding the highest paid Director is as follows:

	2021	2020
	£	£
Aggregate emoluments and benefits	232,069	242,946
Pension contributions	—	—
	232,069	242,946

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:

	2021	2020
	£	£
Wages and short-term employee benefits*	530,588	387,446
Share based payments (note 19)	207,534	153,816
Pension Contributions	1,450	1,665
	739,572	542,927

*In addition, there were payments in lieu of notice and loss of office fees of £328,725 and benefit costs associated with the payments in lieu of notice and loss of office of £5,110.

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 £715,412 (2020: Loss of £1,083,379).

Auditors' remuneration is disclosed in note 7 in the consolidated financial statements.

Notes to the Company Financial Statements

For the year ended 31 December 2021

4. Investment in subsidiaries

	2021 £	2020 £
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 2021 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 V&C 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

5. Property, plant and equipment

	Office equipment £
Cost	
At 1 January 2020	94,793
Additions	84,167
At 31 December 2020	178,960
Additions	–
At 31 December 2021	178,960
Accumulated depreciation	
At 1 January 2020	94,793
Charge for year	18,046
At 31 December 2020	112,839
Charge for year	28,056
At 31 December 2021	140,895
Net book value	
At 31 December 2021	38,065
At 31 December 2020	66,121

Notes to the Company Financial Statements

For the year ended 31 December 2021

6. Right-of-use Assets

Amounts Recognised in the Statement of financial position

	2021 £	2020 £
Right-of-use assets		
Buildings	106,514	76,064
	106,514	76,064
Lease liabilities		
Current	70,970	80,244
Non-Current	36,290	—
	107,260	80,244

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 2021 was 3%. The borrowing rate applied for 2021 remained at 3% and the leases relate to office space.

A new lease agreement was entered into in September 2021 with a lease end date of September 2023, this was in relation to the London office.

Amounts Recognised in the Statement of comprehensive income

	2021 £	2020 £
Depreciation charge of right-of-use asset		
Buildings	95,360	92,678
	95,360	92,678
Interest expenses (included in finance cost)	(1,908)	(3,031)

Notes to the Company Financial Statements

For the year ended 31 December 2021

7. Trade and other receivables

	2021 £	2020 £
Current:		
Value Added Tax	231,665	60,701
Amounts due from Group undertakings	25,780,429	16,947,627
Prepayments	75,302	25,717
Deposits	2,692	54,222
	26,090,088	17,088,267

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

	2021 £	2020 £
Cash at bank	12,891,047	4,998,008

9. Called up share capital

Issued and fully paid:

Number:	Class	Nominal Value	2021 £	2020 £
32,554,293 (2020: 21,829,227)	Ordinary	1p	2,573,395	2,466,144

Ordinary shares have a par value of 1p. They entitle the holder to participate in dividends, distribution or other participation in the profits of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote, and on a poll each share is entitled to one vote.

During the year 660,000 ordinary shares were issued to satisfy the exercise of share options which raised £778,357 (gross). An oversubscribed placing and subscription of shares raised a further £16.61m (gross) with a total of 10,065,066 ordinary shares issued.

10. Trade and other payables

	2021 £	2020 £
Current:		
Amounts due to Group undertakings	211,678	211,678
Trade payables	159,424	90,561
Other payables	346,892	59,344
Accrued expenses	306,566	113,298
	1,024,560	474,881

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



Jersey Oil and Gas plc

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