

JERSEY OIL & GAS

Annual Report

Year ended 31 December 2022



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Jersey Oil and Gas ("JOG") is an independent UK E&P company focused on building an upstream oil and gas business in the North Sea.

Since 2019 the Company has successfully aggregated a significant oil and gas resource base in the UK Central North Sea, the "Greater Buchan Area" ("GBA"). Through a combination of licence round awards and acquisitions the Company positioned itself as the sole owner of the GBA, thereby providing the control and flexibility to progress the establishment of a new development hub concept capable of unlocking substantial long-term shareholder value. Having determined the scale and potential of the GBA resource base, a farm-out process was launched in order to secure an industry partner and move the development into the next phase of activities towards obtaining regulatory approval for the execution of the project. In April 2023, this process culminated in the announcement that NEO Energy ("NEO") would be acquiring a 50% interest and operatorship of the GBA licences in exchange for various cash milestone payments and the carry of a proportion of the Company's future development expenditure.

GBA Development

- During 2022, the Company was actively engaged with multiple counterparties regarding the planned divestment of an interest in its GBA licences.
- As part of this process, technical and commercial diligence has been completed on a range of different development options that could be utilised to achieve future production from the GBA. These include the use of a standalone processing platform, tie-backs to existing third-party infrastructure or floating production / FPSO solutions.
- With the introduction of NEO to the GBA, the partnership will work together to select the preferred development solution from a short list of attractive options, with first production targeted for 2026.
- Upon selection of the preferred development solution, the project will move into "Front End Engineering & Design" activities along with preparation of the required Field Development Plan ("FDP") that is planned for submission to the North Sea Transition Authority ("NSTA") for approval in the first half of 2024.

Attractive Outlook

- The farm-out to NEO delivers significant value to the Company, not least by securing a fully funded position through to FDP submission, and unlocks the route to monetisation of the GBA resources.
- While JOG will retain a 50% working interest in the GBA following completion of the farm-out (with 12.5% of development costs carried by NEO), the Company intends to farm-out additional GBA equity such that it ultimately retains a 20-25% carried interest in the development.
- Pursuit of the Company's corporate growth strategy, through the execution of accretive acquisitions, also remains an important objective.
- The Company is well positioned, with a cash balance at the end of 2022 of approximately £6.6 million, which is set to be enhanced by the various milestone payments incorporated into the farm-out transaction terms agreed with NEO.

CHAIRMAN & CHIEF EXECUTIVE OFFICER'S REPORT

GBA Farm-out

In April 2023 we were delighted to announce the farm-out of an interest in our GBA development to NEO Energy ("NEO"). We have agreed terms for NEO to acquire a 50% working interest and operatorship in both licences that cover the GBA, including the Buchan oil field, the Verbier and J2 oil discoveries and various exploration prospects. This transaction unlocks the route to finalising the GBA development solution and monetisation of resources in excess of 100 million barrels of oil equivalent in total. The transaction delivers material value to JOG, including cash milestone payments, funding through to Field Development Plan ("FDP") approval and a minimum 12.5% development expenditure carry to first oil for the 50% interest retained by the Company (a 1.25 carry ratio). NEO is a major UK North Sea operator producing approximately 90,000 barrels of oil equivalent per day and is owned by HitecVision AS, a leading private equity investor focused on Europe's offshore energy industry with approximately \$8 billion of assets under management.

Operational Update

Our operational focus during 2022 has been on advancing technical studies on various development solutions in collaboration with infrastructure owners. This included studies such as flow assurance work for assessing tie back options to regional platform infrastructure, the topside modification requirements for the potential receiving infrastructure, and for potential FPSO options. With this work now completed, the Company will be working in partnership with NEO to select the preferred development solution, having already confirmed a short list of attractive options. We also continue to proactively

collaborate on potential joint development opportunities with other industry parties who own regional assets that could be tied back to a GBA development.

Low Carbon Development

The GBA development has the exciting potential to be one of the lowest full-cycle carbon development projects in the UK North Sea through the use of existing infrastructure and potential low carbon electrification options. In late 2022, we were pleased to provide letters of support as a potential power user to the offshore wind developers applying for leases in the vicinity of the GBA in the Innovation and Targeted Oil & Gas ("INTOG") offshore wind licence round. Awards were announced in March 2023, with licences granted by Crown Estate Scotland in close proximity to the GBA. Powering the GBA from low carbon wind power can reduce our carbon emissions to less than 2kg of CO₂/bbl versus the average in the UK North Sea of 22kg. We will be evaluating the potential to make the GBA development solution that is ultimately selected "electrification ready", so that it can be powered with green energy upon completion of a proximal wind farm.

Licensing Activity

JOG continues to work closely and constructively with the North Sea Transition Authority ("NSTA") on our licence commitments. In keeping with the Company's stated strategy of developing the GBA as an area-wide development plan, we were pleased to receive a licence extension to the Second Term of our P2170 "Verbier" licence, such that it is now aligned with the P2498 "Buchan" licence, with the current term being until the end of August 2023. Following the farm-out to NEO, we are in close consultation with the North Sea Transition

Authority to seek an extension on both licences to allow delivery of a Field Development Plan ("FDP").

JOG's Business Development Strategy

At the forefront of our business development plans is to farm-out additional GBA equity such that the Company ultimately retains a 20-25% carried interest in the development. Building a full cycle upstream business focused on the UKCS remains the ultimate goal for JOG and having now announced a farm-out in respect of the GBA development, we will also be seeking to advance our acquisition strategy. We believe the North Sea can be the crucible for the energy transition and that oil and gas companies can lead investment into new energies. We see JOG as being no different to our larger peers such that in addition to upstream asset and corporate opportunities, we are also actively looking at new energy investment opportunities.

Financial Review

The Company's cash position was approximately £6.6 million as of 31 December 2022, well within our forecast. As an oil and gas exploration and development company, JOG had no production revenue during the year and received only a modest amount of interest on its cash deposits.

The loss for the period, before and after tax, was approximately £3.1 million (2021: £4.2 million). Our main expenditure during 2022 related to technical studies on parallel development options for the GBA Development project. Having successfully negotiated the farm-out to NEO, the Company remains appropriately funded as we move forwards towards approval of the Buchan Field Development Plan.

Tax

The Energy Profits Levy (EPL) that was introduced by the UK Government in May 2022 caught the industry off guard, particularly those that have invested and built production portfolios in the UKCS over the past few years. A second change in September 2022 increased the tax rate further to 75% through to March 2028. With no price floor on when this windfall tax would fall away, the industry has no option other than to plan as if it is a permanent tax and consequently this has significantly harmed the industry's borrowing capacity. We believe it is sensible for the Government to provide some guidance on a price floor to facilitate the continuation of vital domestic energy supplies. The silver lining of these changes, however, was the introduction of an investment allowance that is specifically ring fenced to attract capital spend into new investments. A full taxpayer in the North Sea has the ability to secure substantial tax relief through investing into new projects such as the GBA Development.

Macro Backdrop

A significantly improved macro-economic outlook for the oil and gas sector compared to 2021 ushered in significant profits for the oil majors. The pandemic and the war in Ukraine have masked the underlying issue that is challenging

the upstream sector – a looming supply crunch. Our industry has been starved of capital since 2015 and this has led to chronic under investment. The energy transition is underway, and our industry is at the forefront of the challenges that this evolution brings. The approach must be managed appropriately as hydrocarbons currently continue to provide the world with approximately 80% of our daily energy supply. Unfortunately, we are already seeing the inflationary pressures that result from a restricted energy supply and an even more concerning prospect of energy poverty. We need urgent and responsible investment in the upstream sector in order to address the supply shortfall against a backdrop of significantly increasing global demand for energy. It will take time for supply to catch up and strong commodity prices are expected.

Summary and outlook

We are excited to be starting our journey with NEO, who, in partnership with JOG, will be working to close out the selection of the preferred GBA development solution and take the project through the Front End Engineering and Design ("FEED") phase of activities and on to project sanction, which is targeted for next year. The Company intends to farm-out additional equity in the GBA

licences in order to ultimately retain a 20-25% carried interest in the development. Discussions with companies potentially interested in non-operated stakes have been underway as part of the farm-out process and these remain ongoing.

Finally, we would like to extend our gratitude to the JOG team, who have delivered a transformational farm-out for the Company. We are a small team of dedicated professionals and we will use this excellent result as a springboard to grow the long-term value of the business. We also thank our shareholders for the ongoing support they have shown as we have advanced the GBA farm-out process. We were delighted to announce the transaction with NEO and look forward to building upon this success.



Les Thomas,
Non-Executive
Chairman



Andrew Benitz,
Chief Executive Officer
23 May 2023

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 on the AIM market of the London Stock Exchange ("AIM") under the designation JOG. The Company is required by the Companies Act 2006 to set out in this report a review of the business of the Group during the year ended 31 December 2022 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 is 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 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 its focus on its Core Area Strategy, which culminated in the April 2023 announcement that NEO will acquire a 50% working interest and operatorship in the two licences comprising the GBA. The licences contain the Buchan oil field, the Verbier and J2 oil discoveries, and various exploration prospects. It is expected that this deal will unlock the route to finalising the GBA development solution and move the project onwards to first production, which is targeted for 2026. The Group will look to build upon this cornerstone farm-out and seek to divest additional equity in the GBA licences in order to ultimately retain a 20-25% carried interest in the Buchan development.

GBA Farm-out to NEO Energy

In exchange for entering into definitive agreements to divest a 50% working interest and operatorship in the GBA licences to NEO, the Company will receive:

- a 12.5% carry of the Buchan field development costs included in the FDP to be approved by the North Sea Transition Authority ("NSTA"); equivalent to a 1.25 carry ratio
- a carry for JOG's 50% share of the estimated \$25 million cost to

take the Buchan field through to FDP approval

- \$2 million cash payment on completion of the transaction
- \$9.4 million cash payment upon finalisation of the GBA development solution
- \$12.5 million cash payment on approval of the Buchan FDP by the NSTA
- \$5 million cash payment on each FDP approval by the NSTA in respect of the J2 and Verbier oil discoveries

The primary conditions precedent to completing the transaction are receipt of the approvals from the NSTA for the transaction and the associated extension of the Company's two GBA licences. Completion of the transaction is anticipated around the end of the second quarter of 2023, following which, operatorship of the licences will transfer to NEO.

NEO Energy is an independent full-cycle North Sea operator in the UK Continental Shelf backed by HitecVision AS.

UK North Sea Growth Through Acquisitions

Our primary focus remains on our flagship GBA Development project, but JOG remains active in reviewing a number of potential acquisitions and/or opportunities for possible business combinations.

OUR ASSETS

During 2022, the core focus of the business was centred on advancing the farm-out of the GBA licences. This work culminated in the April 2023 announcement of a farm-out of a 50% interest in the licences to NEO, with operatorship of the licences scheduled to transfer to NEO following completion of the transaction.

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 created an attractive portfolio of discovered and prospective resources which were well positioned, and with sufficient critical mass, for a proposed hub-based development. In aggregate, the licences contain the Buchan oil field, the J2 and Verbier oil discoveries and a number of exploration prospects, which 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, forms the Company's core area. Through acquisitions and licence round awards, the Group established sole ownership of the GBA licences and as such, established 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 was completed to appropriately characterise and de-risk the expected performance of the fields. The static models are designed 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 continued in 2022 to further optimise the field characterisation and history matched model.

The 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.

Development Plan & Farm-Out

In order to progress and fund the GBA development programme, the Company embarked on a farm-out process to secure an industry partner to acquire an interest in the GBA licences 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. As part of this engagement, the Company has evaluated a range of alternative engineering concepts that could facilitate the GBA development, including the use of a standalone processing platform, tie-backs to existing third-party infrastructure (via either subsea infrastructure or utilising a normally unmanned installation located at Buchan) or floating production / FPSO solutions.

The development options have been assessed and optimised both technically and economically in order to ascertain the most appropriate solution for the GBA. With the agreements now executed for NEO to acquire a significant interest in the licences, the Company will be working in partnership with NEO to select the preferred development solution.

The criteria used to assess the development options 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, taking into account the projected first oil date, CAPEX, OPEX, availability and decommissioning obligations.

Regulatory Activities

Upon selection of the preferred GBA development solution, the project will move into the next phase of activities, being the completion of Front End Engineering and Design ("FEED"). Completion of FEED is designed to culminate in the submission of the required Field Development Plan to the NSTA for approval.

In November 2022, the Company secured an extension to the Second Term of its P2170 "Verbier" Licence. This licence is now aligned with JOG's P2498 "Buchan" Licence, for which the current licence phase expires at the end of August 2023. The alignment of the two licence terms is in keeping with the Company's stated strategy of developing the GBA as an area-wide development plan.

As part of the conditions precedent associated with the NEO transaction, the Company is required to secure an extension from the NSTA to the term of both licences in order to provide sufficient time to submit a Buchan field development plan. The Company has submitted the formal extension applications and is actively engaged with the NSTA on completion of the associated approval process. It is anticipated that the NEO farm-out transaction will be completed around the end of the second quarter of this year.

North Sea Transition

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

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 specification of the preferred development solution.

Furthermore, the potential for electrification of the future GBA facilities represents a core component of the technical evaluations that have been completed. This opportunity has been greatly enhanced as a result of the recent Crown Estate offshore wind "Innovation and Targeted Oil and Gas" ("INTOG") licensing round, which resulted in two companies being awarded seabed licences for potential offshore floating wind developments in the vicinity of the GBA licences. The construction of such facilities would be expected to enable the future electrification of any GBA development infrastructure once power exports commence from the windfarm. As part of the Company's support for the INTOG licensing round, letters of support were provided to two applicants preparing submissions in the vicinity of the GBA.

FINANCIAL REVIEW

Cash Resources and Short-Term Investments

The Group ended 2022 in a comfortable position, with £6.6m of cash remaining.

Debt

JOG currently has no debt.

Consolidated Statement of Comprehensive Income

The Group had no trading revenues in 2022. Administrative expenses reduced approximately 13% from the prior year to £3.2m (2021: £3.7m).

Expenditure Highlights

2022 saw the team complete 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. In addition, external tax and legal services were incurred advancing potential farm-in terms with counterparties.

Costs directly associated with the GBA Development project continue to be capitalised and amounted to £2.9 million in 2022 (2021: £6.9 million).

The 2022 work programme was 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 our manpower

requirements were flexed accordingly. The Group continues to remain lean and cost-efficient and has reduced its forecast cash spend to a quarterly run rate of around £1 million.

Key Performance Indicators

The Group's Key Performance Indicators ("KPIs") remain 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").

Although substantial progress was made with the farm-out, the key KPI was not achieved during 2022 but was carried forward as the main objective and performance indicator in 2023. The other KPI's were fully achieved in 2022 with the strong cash management of particular note.

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.

The HSSE KPI was met during the year, with all activities safely managed without incident. This 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 continue to 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. Securing the milestone payments and development expenditure carries associated with the NEO transaction announced in April 2023 secures the Group's financial ability to take the GBA through to FDP approval and provides a major step forward in funding the Group through to first oil; with the Company ultimately targeting the retention of a full carried 20-25% interest in the development.



Graham Forbes
Chief Financial Officer
23 May 2023

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 under review and during the period up to the publication of the annual 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>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. The Group engages 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. 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 include opportunities for career progression, development 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.</p>
Shareholders	
<ul style="list-style-type: none"> ▪ Shareholder Communication 	<p>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 May 2022. Our financial results are announced twice a year, and regulatory news announcements provide</p>

	<p>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.</p>
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 	<p>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. Including raising funds for the Beresford Street Kitchen Charity based in Jersey that provides quality education, training and employment for people with learning activities.</p>
Government / Regulator	
<ul style="list-style-type: none"> ▪ Key Stakeholders 	<p>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.</p>

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 ▪ Completion of the GBA Farm-Out to NEO ▪ 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 and BEIS / OPRED.</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. 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 licences, however progress is monitored by the NSTA via a series of milestones.</p> <p>Completion of the deal announced in April 2023 with NEO is conditional on NSTA approval and an extension of the GBA licences by at least 12 months. The NSTA have been kept informed throughout the farm-out process. As with any transaction of this nature, there is no certainty that the deal will complete although the Company works closely with all parties required to provide approvals.</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.</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 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> <p>Approval of the FDP for the redevelopment of the Buchan field is key to achieving future cashflows from the field. Obtaining the necessary approval of all the regulatory authorities cannot be guaranteed, although the Company will continue to work closely with the various organisations to ensure a robust and socially responsible development plan is developed for the field.</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 future development of the GBA licences and execution of a further farm-out transaction(s) following the scheduled completion of the deal with NEO. Failure to secure a further farm-out partner(s) could have a detrimental impact on the ability of the business to develop the GBA and generate future cashflows.</p> <p>The uncertain political and regulatory environment over the last 24 months continues to be an unhelpful backdrop to execute development farm-out transactions with speed and certainty. The farm-out risk has however been substantially mitigated having agreed a 50% farm-out with a leading industry player.</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, like in 2022, in 2023 expects to be able to operate within its existing cash reserves 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 however the underlying medium/long term strength of oil prices can impact on the Group’s ability to complete future farm downs and raise funds, if required, as it can impact the value of the assets.</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</p>

	<p>encourage investment in oil exploration and production, in addition to the management of tax planning and compliance.</p> <p>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. 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 completing the farm-out of 50% equity and transfer of Operatorship in the GBA to NEO, 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 40 years' experience in the Oil and Gas industry, in various subsurface, engineering, operational and senior management positions. Les was formerly CEO of Ithaca Energy 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 20 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 Geoscience Energy 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"). The code is 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 2022 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 calls, typically 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 presentations to investors when justified by events, including one-to-one meetings with major shareholders, 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 advisers 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.

The Group has published a Carbon Policy (available on the website) which aims to reduce the Group's carbon footprint to its lowest practicable 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 in 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 and monthly management accounts 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 advisers.

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 small 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) and 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 Directors 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 skills sets up to date, gives them the ability to constructively challenge strategy and to scrutinise performance.

The Board throughout 2022 was assisted by Ian Farrelly, the Company Secretary, whose services were 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 the GBA development is fully farmed-down.

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 instil 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 have been typically preceded by a presentation by the Group's Board Adviser, 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 2022 as its functions have been properly carried out as part of the work of the Remuneration Committee and the Board.

2022 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	5	5	3	3	2	2	-	-
M J Stanton	5	5	3	3	2	2	-	-
F H Moxon	5	3	3	3	2	1	-	-
Executive Directors								
J A Benitz	5	5	3*	3*	-	-	-	-
G A Forbes	5	5	3*	3*	-	-	-	-

* By invitation



Les Thomas,
Non-Executive Chairman

23 May 2023

SUSTAINABILITY REPORT

Company Profile

Jersey Oil and Gas ("JOG") is a London quoted UK E&P Company focused on building its position in the UK North Sea.

JOG has built a significant asset base in the UK North Sea by leveraging the management team's extensive oil and gas experience. In the past three years we have increased our discovered oil resources by over 40 fold and are currently advancing the redevelopment of the GBA in the Central North Sea.

Formed in March 2014, JOG has grown significantly since inception following the drilling of the Verbier discovery in 2017 and more recently through the 2019 award of licences in the GBA to JOG.

JOG's activities are based in offices in Jersey, Aberdeen and Central London.

Key Figures

Total number of hours worked by JOG employees and contractors in 2022

25,592 hours

Number of recordable incidents

zero

CO₂e emitted (Scope 1 & 2)

2498kg

CO₂e intensity (Scope 1 & 2)

95kg per 1000 worked hours

Introduction by the Chief Executive Officer

We continue to believe that our operations in the North Sea form an important part of the UK's strategy for energy security. Hydrocarbons have a place alongside other sources of energy in guaranteeing the UK has a safe and reliable supply of energy to both industrial and domestic customers.

We understand the importance of being a responsible UK E&P Company. As a result, we have placed Environmental, Social and Governance issues at the heart of JOG's strategy moving forward.

We continue to believe that following the key principles of the United Nations Global Compact and adopting and

working toward the Sustainable Development Goals adds value to JOG's activities.

Our social licence to operate in the UK North Sea depends on our ability to recognise and respond to our stakeholder's concerns regarding the sustainability of our operations.

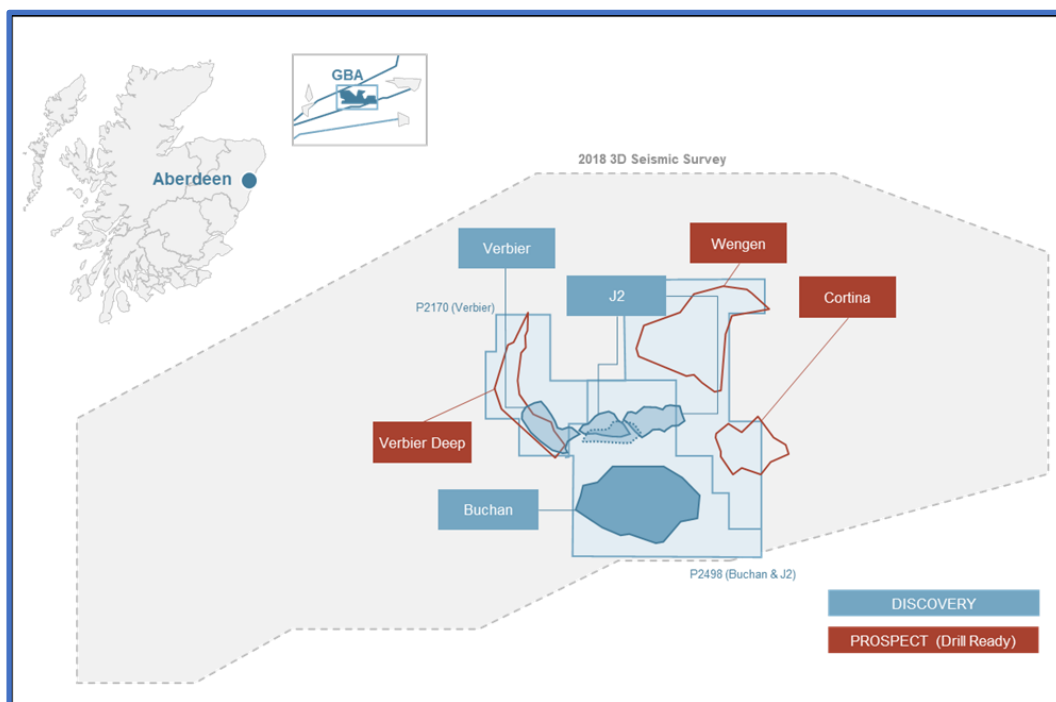
For our GBA Project, JOG has made considerable efforts to identify and engage with all relevant stakeholders. We implemented a project-specific stakeholder management plan to this end, to ensure that our decision-making process is clear and transparent where this affects NGOs, local populations and so on. We have put considerable effort into explaining how we choose our preferred development concept to regulators to ensure that maximising economic recovery and transition to net zero are at the core of our decision making.

We have also included ESG concerns in our major contract award process, by making membership of the UN Global Compact part of the evaluation for awarding contracts.

Elsewhere in this report we describe the successful offshore survey operation carried out in support of the GBA Project. We were pleased that all works by our contractor were carried out to a high professional standard with zero safety or environmental incidents, and a high level of interaction was achieved with local stakeholders such as the local and national fishermen's federations.

As we move forward with the GBA Project, we are confident that we can make measurable steps to meeting those Sustainable Development Goals which are of highest priority in JOG's activities. At JOG we are pleased that we are able to employ a highly experienced technical and management team who have held senior roles in some of the biggest projects in the North Sea over the last twenty years. We understand that this level of experience will be key to progressing the GBA Project to development and first oil.

Andrew Benitz
Chief Executive Officer



JOG's GBA Interests

Overview

JOG continues to progress the core aims set out in 2019 for ESG conduct i.e.

- 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.

In 2022, emphasis has been placed on developing and documenting procedures, methodologies and metrics to clearly document JOG's performance in meeting these aims and to provide reassurance to all stakeholders that ESG remains at the centre of JOG's activities. This report describes the following:

- Revision of JOG's Materiality Assessment in line with progress made on GBA Development Project activities;
- Activities associated with JOG following the principles of the UN Global Compact;

- Progress in implementing JOG's Carbon Policy;
- Key aspects of the GBA Development Project;
- Disclosures made in line with JOG's alignment with the recommendations of the Task force for Climate related Financial Disclosures (TCFD).

2022 Revision of Materiality Assessment

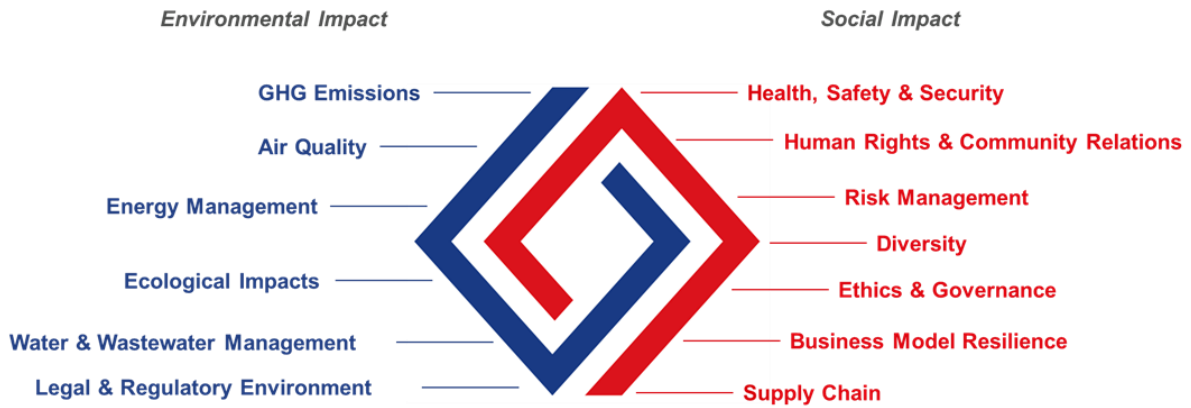
JOG has reviewed and fully updated the Materiality Assessment first carried out in 2019. The assessment lists those Materiality Topics which are of significance to JOG's ESG reporting.

Since 2019, it has been identified that there are other generic Material Topics that influence the management of JOG's activities, principally associated with the management of ESG aspects of the GBA Development project. These are as follows:

- **Supply Chain Management** – JOG recognises that assessment of the supply chain's ESG credentials is a valid differentiator for the purposes of assessing bids for

major contracts and since 2019 JOG has put policy and guidance in place to this effect;

- **Management of the Legal & Regulatory Environment** – JOG recognises that strong ESG performance in terms of managing stakeholder relations is related to the ability to engage with the relevant regulators and to comply with relevant regulation, especially with respect to environmental impacts. Since 2019, JOG has identified and engaged with all relevant regulators and non-governmental organisations (NGOs).
- As JOG develops its GBA business, it will seek to prioritise those Materiality Topics of most importance to its stakeholders. The revised Materiality Assessment includes guidance on how this may be achieved. The results of the Materiality Assessment are shown below.



JOG Materiality Assessment Summary

Progress toward UN Global Compact Sustainability Development Goals

JOG follows the principles of the UN Global Compact (UNGC) and it is one of the principal governance measures taken by JOG as part of its social licence to operate.

The strategy of the UNGC is to encourage businesses to recognise

the UN Sustainable Development Goals (SDGs) as defining those key aspects which can be used to direct their corporate and operational activities while adhering to the 10 UNGC principles.

Not all the 17 SDGs are relevant to JOG's activities. The Materiality Assessment is essential to identifying those aspects of JOG's activities which are Material Topics

and for which of the SDGs may be appropriate for reporting purposes.

Using an Industry-standard methodology, JOG undertook to determine and prioritise those SDGs which are appropriate for future reporting purposes. These are presented below:

	SDGs assessed as relevant to JOG's activities	SDGs assessed as not relevant to JOG's activities
SDGs ranked in Descending Priority	8 DECENT WORK AND ECONOMIC GROWTH	1 NO POVERTY, 2 ZERO HUNGER, 6 CLEAN WATER AND SANITATION
	3 GOOD HEALTH AND WELL-BEING, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 14 LIFE BELOW WATER	10 REDUCED INEQUALITIES, 11 SUSTAINABLE CITIES AND COMMUNITIES, 15 LIFE ON LAND
	5 GENDER EQUALITY, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	16 PEACE AND JUSTICE, STRONG INSTITUTIONS
	4 QUALITY EDUCATION, 13 CLIMATE ACTION	
	7 AFFORDABLE AND CLEAN ENERGY, 17 PARTNERSHIPS FOR THE GOALS	

JOG's Prioritisation of UNGC SDGs

It is notable that SDG8 “Decent Work and Economic Growth” is the highest priority goal for JOG; this is because progress toward the goal consists of activities related to the greatest number of Material Topics as presented in the Materiality Assessment summary. Progress on these Material Topics is reported as follows:

Ecological Impact

- JOG analyses and assesses the ecological effect of its operations, as part of JOG’s HSSE Policy and also its regulatory obligations. For example, extensive survey activity was carried out to determine the environmental baseline for the GBA Development Project, to inform the magnitude of likely impact on the local ecology.

Human Rights and Community Relations

- JOG identifies those local working communities and non-government organisations who are likely to be stakeholders regarding JOG’s proposed activities. Timely consultation exercises are carried out so that areas of concern can be identified and mitigated.

Employee Health and Safety

- JOG considers the health and safety of its employees to be of utmost importance in the execution of its activities. Safety risks are identified at an early stage of each of JOG’s activities so that hazards can be eliminated, prevented, controlled or mitigated.

Diversity

- JOG employs contractors and staff without discrimination to ensure they have a high level of expertise to maximise the value of Company activities. JOG’s equal opportunity policy is set out in the JOG Staff Handbook. Where opportunity exists JOG will seek to advance further diversity within the Board.

Business Model Resilience

- JOG continues to assess the risks and opportunities associated with the transition to net zero and the UK Regulatory framework established to this end, see later in this report.

Supply Chain Management

- JOG has issued and implemented its Major Contract Sustainability Policy which requires contracting companies to demonstrate commitment to the UNGC.
- Other goals with relatively high priority are SDG3 “Good Health and Well-being”, SDG12 “Responsible Consumption and Production” and SDG14 “Life Below Water”.
- JOG’s activities related to the Material Topics associated with these goals are as follows:

GHG Emissions

- JOG reports the magnitude of their Scope 1 and 2 emissions related to their activities elsewhere in this report and have also identified the sources of their Scope 3 emissions. JOG is also committed to working towards meeting the UK Government’s net zero targets for the GBA Development Project.

Air Quality

- JOG will ensure that all emissions from the GBA Development Project will meet or exceed all relevant Air Quality criteria. These will be set out in the Environmental Impact Assessment for the GBA Development Project for submission to the UK Government.

Water and Waste Water Management

- JOG will ensure that any water discharged from the GBA Development Project will meet or exceed all relevant regulatory criteria for water quality. An assessment of the use of Best Available Technology will be included in the Environmental Statement for submission to the UK Government

Cyber Security

- JOG has taken all practicable steps to protect data and systems from cyber-attacks, in line with JOG’s HSSE Policy.

Business Ethics

- The JOG Board continues to provide oversight of JOG’s activities and will ensure the JOG management team adopts ethical practices at all times.

Critical Incident Risk Management

- JOG will ensure that all safety and environmental risks associated with the GBA Development Project are assessed and reduced to as low as reasonably practicable in the Safety Case and an Environmental Statement is to be submitted to the UK Government.

Progress in Implementing the JOG Carbon Policy

Work has been carried out to implement the Carbon Policy introduced by JOG in 2021. The Policy contains a number of targets. Progress towards these targets in 2022 is reported below.

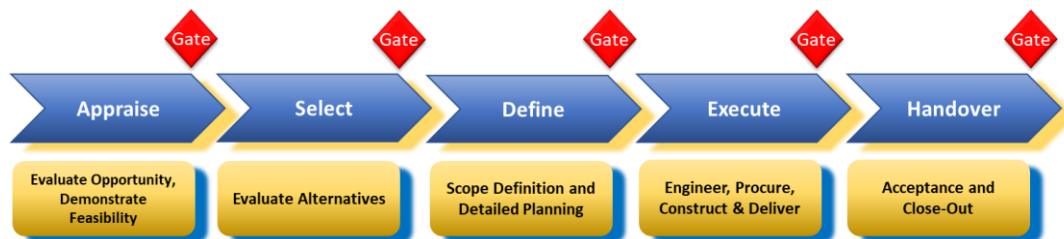
Policy Item	Progress
Full compliance with all current and future emissions-related laws and regulations in the UK.	JOG continually reviews regulatory requirements related to emissions as part of their planning, in particular as related to the UK Government's net zero targets for the Greater Buchan Area Development Project.
The requirement to record and report emissions in line with TCFD will become mandatory in 2023	Certain disclosures with regards climate change, including total emissions, are provided on a voluntary basis, the Group have focused on the areas which it believes are most directly relevant to the business, disclosures are made in good faith with respect to JOG's desire to converge with the upcoming recommendations.
Scope 1, 2 and material Scope 3 emissions will be identified through the scrutiny of JOG's operational activity both offshore and onshore.	JOG has issued guidelines which will be used to define operational and organisational boundaries within which it will identify, measure and disclose emissions. For example, these were used to estimate emissions relating to its GBA Concept Selection work. These emissions relate to onshore construction and fabrication and also offshore operational activities. These emissions will be presented to the regulator as part of the regulatory approvals process.
JOG is quantifying the Scope 1 and Scope 2 emissions of its office-based activities with the ambition to be carbon neutral.	JOG's emission measurement guidelines were used to assess office-based emissions which have been offset to become carbon-neutral.
All existing JOG operations to be carbon neutral from the point of first oil for Scope 1 and Scope 2 emissions.	JOG continues to pursue options for the electrification of the GBA Development Project as part of its environmental commitments. These will be presented to the regulator as part of the project approval process.
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 creation.	
Invest in accredited and, where possible, local carbon capture or offset to support the UK's net zero ambitions.	JOG continues to investigate options and opportunities for investing in carbon capture and offset schemes, as part of its wider business strategy.
Ensure climate related risks and opportunities, including cost of emissions through trading and taxation, are incorporated into JOG's financial decision-making process.	JOG reviews the ESG and Corporate Risk Registers twice-annually which includes identifying and assessing those issues related to climate change.

Sustainability in the GBA Project

JOG’s principal activity is the development of the GBA Project. This has afforded JOG the opportunity to put into practice its ESG-related policies. Some of these ESG activities are described in the following sections.

Project Stage Gate Process

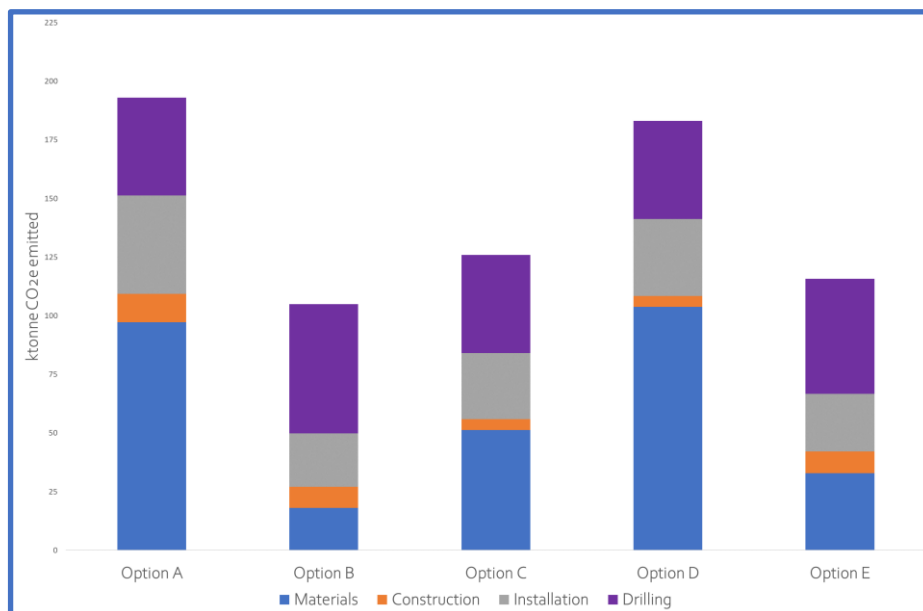
- At the outset of the GBA Project, a “Stage Gate” process was adopted by the management team to assist in Project Governance. This splits the project into stages divided by Gates, which are illustrated below. In order to process through a Stage Gate, the Project must demonstrate that a sufficiently defined body of work has been completed and independently verified, to allow the project to proceed e.g. to receive further funding. This allows ESG activities related to the SDGs to form part of the Stage Gate criteria. These can then be included within the Project Execution Plan.



JOG’s Project Stage Gate Process

GHG Emissions – Concept Selection

- As part of the Select Phase of the GBA Project, a study of the GHG Emissions resulting from each concept option has been carried out. Emissions will occur as part of the operations phase, however these should be low in keeping with the goal to electrify the facilities. In order to obtain a picture of whole-life emissions, the study included an estimate of those emissions resulting from raw material manufacture, equipment manufacture, structural fabrication and offshore installation. Emissions from the drilling programme were also considered. The study showed those concept options which resulted in the highest GHG emissions were those which required the largest amount of manufactured steel. This is because steel manufacture is relatively highly carbon-intensive i.e. one ton of manufactured steel results in over two-and-a-half tons of emitted CO₂e.



GHG Emissions resulting from GBA Pre-Operations Activities for Each Concept Option under Consideration

Electrification

- JOG has a strategy to deliver the GBA Project with industry leading low carbon emissions associated with the production of hydrocarbons. Our preferred development concept will include electrification of the production facilities, a well proven technology that has been successfully deployed in Norway. JOG is targeting net zero operations from start-up of first oil for the GBA Project through delivering low carbon emissions from electrification, purchase of renewable power and through offset of any residual carbon emissions. To these ends, JOG takes a close interest in innovative schemes to provide renewable power to offshore oil and gas installations such as INTOG leasing.

HSEQ Planning

- As part of the Project Stage Gate Process, it is necessary at the start to set out the plan of how the GBA project will be executed. It is in turn necessary to set out how high HSEQ performance will be achieved through the project lifecycle, which is one of the principal aspects of sustainability. Organisations which do not prioritise HSEQ performance do not attract investment or talented individuals. The following goals are set out for the Project:
 - No accidents;
 - No harm to people;
 - No damage to the environment;
 - No damage to assets.

The HSEQ plan sets out the activities and metrics that will be used to monitor progress to meeting these goals, which include management reviews and audits.

Risk Management

- Elsewhere in this Report, the corporate and ESG risk management process adopted by JOG is described. For the GBA Project, the ability to manage risk effectively is essential for realising the Project schedule and in turn the overall value of the Project. It was considered necessary to initiate a Project-specific risk management process and risk & opportunities register. This is used both for internal project management and for relevant stakeholders to ensure that risks that jeopardise the Project Execution Plan can be identified and prioritised for prevention, control and mitigation. While the corporate and ESG risks registers are reviewed and updated bi-annually, the project risk registers are subject to monthly review.

Stakeholder Management

- There are many stakeholders that have an interest, or role, or are impacted by the GBA Project. These can be categorised:
 - Internal & Partners;
 - Regulators;
 - Third Party Contractors;
 - Financiers & Corporate Regulators;
 - NGOs & Local Populations;
 - Supply Chains.

Effective stakeholder management is important to sustainability because stakeholders are typically key enablers to the project execution activities. The goal of stakeholder management is to communicate with all relevant stakeholders in a timely, transparent, and accountable manner fulfilling all JOG's publicly stated commitments and HSEQ and social responsibility obligations. Early in the Project, a formal exercise was carried out to identify these stakeholders and an associated management strategy. This was plotted on a management matrix and is revised and used as a planning tool over the course of the Project.

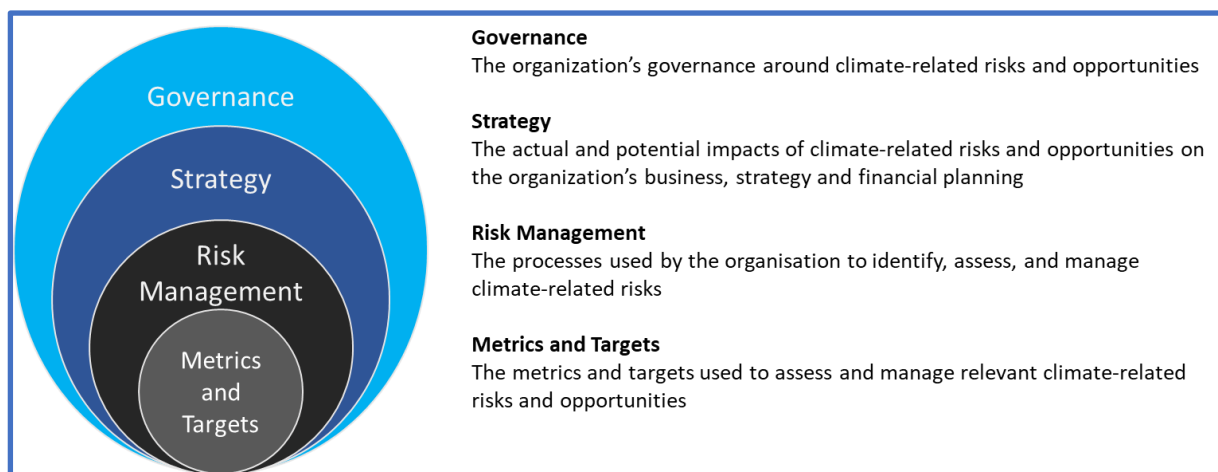
Environmental Survey

- As part of the environmental management process for the GBA project, it was necessary to carry out extensive seabed surveys of the proposed pipeline export routes and also the proposed electrical cable supply route, to determine the impact of the proposed subsea infrastructure on flora, fauna and geology. In order to minimise the impact of the surveys on the local environment, JOG carried out a robust consultation programme which included reaching out to both national and local fishermen's federations. The survey activities were carried out successfully over a period of seven weeks, with no environmental or safety incidents.

Recommendations of the Task Force for Climate-related Financial Disclosures

JOG are not currently required to comply with the Recommendations of the Task Force for Climate-related Financial Disclosures (TCFD), however in accordance with our stated policy, we are working towards compliance. The disclosures set out below are therefore voluntary and are focused on the areas which the Group believe are most directly relevant to the business. They are made in good faith with respect to JOG’s desire to converge with the Recommendations, and are not intended to ensure full compliance with the Recommendations is achieved

The disclosures are categorised in terms of “core elements” as shown below:



In the table below, the TCFD areas are listed on the left, and JOG’s progress towards compliance with the recommendations is set out on the right.

Governance

Disclose the organisation’s governance around climate related risks and opportunities.

- Describe the board’s oversight of climate related risks and opportunities.
- Describe management’s role in assessing and managing climate related risks and opportunities.

Management’s role is to implement the risk management process for all JOG’s activities. This includes setting the scope of the process and formulating a management procedure for JOG to follow so that risks are managed in a manner that is robust, transparent and consistent. JOG management then provides resource to ensure that the process is adopted across the Company and that risks are identified and assessed properly, in a timely way. JOG also maintain the risk management process by ensuring that the process itself is reviewed and updated.

The JOG Board provides oversight of the risk management process. Corporate and ESG Risks are reviewed periodically by the JOG management team and the results are entered onto the Risk Register. The results of this review are presented to the JOG Board who are responsible for accounting for these risks in setting Company strategy and in turn providing direction to the JOG management team.

Strategy

Disclose the actual and potential impacts of climate related risks and opportunities on the organisation’s businesses, strategy, and financial planning where such information is material.

- Describe the climate related risks and opportunities the organisation has identified

JOG’s ESG Risk Register includes assessment of the following climate-related risks:

- Stricter decarbonisation agenda pushed by regulators and policymakers resulting in:
 - Increases in taxes related to business activities;
 - Changes in policies, laws and regulations;
 - Bias against energy-related investment;
 - Incurring high costs arising from emission reduction from hydrocarbon installations;

over the short, medium, and long term.

- *Describe the impact of climate related risks and opportunities on the organisation's businesses, strategy, and financial planning.*
- *Describe the resilience of the organisation's strategy, taking into consideration different Climate related scenarios, including a 2°C or lower scenario.*

Technology developments resulting in reduced demand for hydrocarbons, for example:

- Reduction in cost of renewables and long-term energy storage;
 - Improvements in the efficiency of energy users;
- Reduced appetite for investment in the oil and gas industry caused by "Greenwashing", noting the current inability of many oil and gas companies to transparently quantify Scope 3 emissions.

Some of these risks may have an impact in the short and medium term. For example, changes in taxation may occur on an annual basis, leading to an immediate impact on JOG's activities. Other risks, such as the effect of technological developments on the demand for hydrocarbons, may cause impact in the longer term.

Opportunities arising from climate-related activities arise from activities relating the use of wind-generated electricity for the GBA Project. Participation in offshore wind power schemes as a customer puts JOG at the forefront of the implementation of UK govts. net zero strategy for offnet zero.

The JOG Board readily appreciates that climate-related risks have the potential to significantly affect the activities of the Company. The contents of the Risk Register review is reported to the JOG Board and Executive Committee, who continually monitor and review the business landscape to determine those aspects such as the regulatory and taxation regime which may be subject to change, and which may in turn have significant impact on JOG.

JOG believes that adopting a transparent and auditable approach to risk management at both strategic and also operational levels makes the business resilient to changes which may occur, including climate change scenarios which necessarily affect UK and international energy markets. In this respect, JOG's activities in the UKCS are as resilient to climate change scenarios as other companies engaged in offshore oil and gas activities, insofar that achieving a Low Carbon Future i.e. a 2°C or lower scenario may be contingent on restricting the activities of existing Licence Holders and equity holders, e.g. by changing taxation or carbon-credit trading arrangements. On the other hand, a High Carbon Future i.e. greater than a 2°C scenario, places further pressure on energy companies to pursue net zero solutions. Therefore, the strategy of playing a key role in energy transition is seen as making JOG's strategy resilient to either scenario. It places responsibility on both the Board and also JOG's management team to consider and assess ESG-related issues and formally record their effect amongst other things for relevant stakeholders.

Risk Management

Disclose how the organisation identifies, assesses, and manages climate related risks.

- *Describe the organisation's processes for identifying and assessing climate related risks.*
- *Describe the organisation's processes for managing climate related risks.*
- *Describe how processes for identifying, assessing, and managing climate related risks*

In late 2019, shortly after JOG became the holder of Licence P2498 Block 20/5a & 21/1a (Buchan), a Risk Management Procedure was implemented. Amongst other things, this required Risk Registers to be drawn up, for both Corporate and ESG affairs where the changing nature of the oil and gas industry environment resulted in both risks and opportunities for JOG's business. The focus of the Corporate Risk Register is on how the external commercial and operational environment may directly affect JOG. The ESG Risk Register is more granular and looks closely at how ESG issues including climate related risks are affecting the wider investment climate and how these in turn may affect JOG's business. Issues addressed include:

- Government policy e.g. net zero, changes to the environmental tax regime
- Technology advances

are integrated into the organisation's overall risk management.

- Social attitudes

Reviews of both the Corporate and ESG Risk Registers are carried out by the JOG management team bi-annually in a formal workshop session. Risks are assessed and ranked using a Risk Matrix. Actions are issued which are intended to reduce risks to as low as practical, which are assigned to members of the JOG management team. The Risk Register workshop session also reviews the status of actions raised previously. The results were communicated to the JOG Board who provide oversight of the risk management process.

Metrics and Targets

Disclose the metrics and targets used to assess and manage relevant climate related risks and opportunities where such information is material

- *Disclose the metrics used by the organisation to assess climate related risks and opportunities in line with its strategy and risk management process.*
- *Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.*
- *Describe the targets used by the organisation to manage climate related risks and opportunities and performance against targets.*

JOG compiles emission data for its day-to-day office activities which are solely Scope 2 emissions. These are calculated directly from measurements of electricity used and combined with emission factors for generated electricity published by the UK Government to give tonnes of CO₂e.

Predicted emissions are also compiled in support of the regulatory approval process for major projects. For the GBA Development Project, emissions are estimated for each concept, from raw material manufacture through to fabrication and then operation. Emissions are estimated from data in the public domain to enable transparency and auditability, and are a mixture of Scope 1, Scope 2, and Scope 3.

JOG's office emissions for 2022 were 2.498kg CO₂e, calculated using UK Government emission factors. Carbon offsets have been purchased from my carbonplan.org so that these emissions are neutralised.

For the GBA Project, the principal target (as noted above) is to make the new facilities carbon neutral for first oil. To this end, JOG is exploring the possibility of taking power from offshore windfarms and will present its plans as part of the regulatory approval process.

DIRECTORS' REPORT

The Directors present their report together with the audited Group and Company financial statements for the year ended 31 December 2022.

Annual General Meeting

The Annual General Meeting will be held on 20th June 2023 as stated in the Notice of Meeting.

Results and Dividends

The Group's loss for the year was £3.1m (2021: loss of £4.2m). The Directors do not recommend the payment of a dividend (2021: 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 Zeus Capital and finnCap Ltd.

Share Capital

At 31 December 2022, 32,554,293 (2021: 32,554,293) 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 2022 were:

1p Ordinary Shares	As at 31 Dec. 2022		As at 31 Dec. 2021	
	Shares	Vested Options	Shares	Vested Options
L J Thomas	33,000	-	25,000	-
M J Stanton	112,411	66,667	110,411	53,333
F Moxon	87,026	40,000	87,026	29,999
J A Benitz	702,176	286,667	688,892	266,666
G A Forbes	-	116,667	-	-

Substantial Shareholders

At 31 December 2022, 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.	15.91%
Interactive Investor	7.29%
Mr J Baldwin	6.51%
Mr Nicholas Robinson	5.10%
A J Bell	4.23%
Barclays Smart Investor	4.11%
HDSL, stockbrokers	3.99%
Janus Henderson	3.53%
Quilter Cheviot Inv Mgt	3.46%
Ronald Lansdell	3.28%
UBS Collateral Holdings	3.23%

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
23 May 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with UK-adopted international accounting standards and the company 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 Group and 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 UK-adopted international accounting standards have been

followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the company financial statements, 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 Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

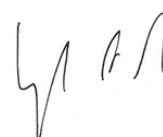
The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements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

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

Directors' Confirmations

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

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



Graham Forbes
Chief Financial Officer
23 May 2023

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 2022, linked both to events in the Company's financial calendar and to certain ad hoc matters. In addition, an informal meeting of the committee was held in connection with the 2022 Annual Report and Accounts (financial statements), 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 meeting held in connection with the Company's 2022 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.
- Review of the 2022 cash budget.

The Committee also considered the independence and objectivity of the PwC audit function. With the PwC engagement partner in his fourth 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 are 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.

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 2022 Annual Report and the accounting for our licence interests,
- Review of the interim results for the six months ended 30 June 2022;
- Giving consideration to areas of significant judgement such as concluding on going concern and existence of impairment triggers;



Marcus Stanton
Chairman of the Audit Committee
23 May 2023

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 2022 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 and Marcus Stanton (both Non-Executive Directors). The Committee met formally twice during 2022.

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 2022

The Group’s focus during 2022 was on advancing the farm-out and of technical studies on various development solutions in collaboration with infrastructure owners, discussions with other industry parties on potential joint development opportunities and the seeking of a partner for the Greater Buchan Area project (the “GBA Sales Process”). On 6 April 2023, the Company announced that it had agreed to farm-out a 50% interest in its Greater Buchan Area licences to NEO Energy (the Farm-out”).

Key Activities in 2022

- Recommended option awards to Directors and employees which were granted in May 2022; and
- Approved the vesting of the third (of three) tranche of share options granted to executive directors and employees in January 2019 and the first (of three) tranche of options granted to executive directors and employees in March 2021, any relevant performance conditions having been deemed by the Committee to have been met.

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 salary of J A Benitz as at 1 January 2022 was £250,000 (2021: £250,000). The salary of G A Forbes as at 1 January 2022 was £240,000 (2021: £240,000). Neither received any increase in salary during 2022.

The Committee last undertook a peer group alignment of remuneration for Executive Directors in 2019. Since then, the Group’s work has been focused on several critical processes that will determine the future scale and direction of the Group’s business activities (including concept select work during 2020, 2021 and 2022 and subsequent discussions and negotiations to progress the critical GBA Sales Process during 2022 and 2023). The Committee therefore decided not to undertake any subsequent remuneration reviews, pending a successful outcome. As a result, no remuneration review was carried out in 2022.

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 took an 8% cash alternative.

Discretionary Bonuses

No bonus awards were made to Executive Directors for performance during 2022.

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 New Share Option Plan (adopted on 23 November 2021) contains no EMI provisions since JOG no longer meets the relevant eligibility requirements.

New share option awards were made to Directors and employees in May 2022. In line with previous grants, options have an exercise period of seven years for Executive Directors and staff and five years for Non-executive Directors, although both the Old and New Share Option Plans provide for exercise periods of up to ten years.

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
Effective Contract Date	11.03.19	22.11.21
Unexpired Term	Rolling Contract	Rolling Contract
Notice Period	12 months save that, in certain circumstances (including material changes to contract terms or non-consensual relocation), the Executive may provide 30 days' notice	3 months

Non-Executive Directors' Fees

The Non-Executive Directors receive an annual fee for carrying out their duties and responsibilities. The level of such fees is set and reviewed annually by the Board, excluding the Non-Executive Directors.

During 2022, 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
L J Thomas	Non-Exec. Chairman	£60,000
F H Moxon	Senior Independent Director	£50,000
M J Stanton	Non-Exec. Director	£45,000

During the year, the Non-Executive Directors did not receive additional fees for acting as members of the Board's various committees.

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. 2022					Year Ended 31 Dec. 2021				
	Salary ⁽¹⁾ / Fees	Pension	Benefits	Exercise of Options ⁽²⁾	Total	Salary ⁽¹⁾ / Fees	Pension	Benefits	Exercise of Options ⁽²⁾	Total
J A Benitz	250	25	6	-	281	250	25	6	54	335
G A Forbes	259	-	7	-	266	29	-	-	-	29
R J Lansdell ⁽³⁾ <i>Resigned Nov. 2021</i>	-	-	-	-	-	247	-	4	54	305
V J Gibbs ⁽⁴⁾ <i>Resigned Nov. 2021</i>	-	-	-	-	-	225	-	7	-	232
Executive Directors	509	25	13	-	547	751	25	17	108	901
L J Thomas	65	-	-	-	65	31	-	-	-	31
M J Stanton	40	-	-	-	40	84	-	-	12	96
F H Moxon	50	2	-	-	52	73	2	-	6	81
Non-Exec. Directors	155	2	-	-	157	188	2	-	18	208
Total Directors	664	27	13	-	704	939	27	17	126	1,109

Notes:

- Salary includes an 8% cash contribution as an alternative to a matching 10% pension contribution if elected.
- The amount of the gain on exercising share options is calculated as the difference between market price of the shares on the day of exercise and the price actually paid for the shares.
- 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.

There were no bonus' to Directors paid in 2022 (2021: nil)

Options held by Directors at 31 December 2022 are set out below.

Presented in '000s	Exercisable By	At 1 Jan 2021	Issued	Exercised	Lapsed	At 31 Dec 2021	Issued	Exercised	Lapsed	At 31 Dec 2022
Executive Directors										
J A Benitz										
At 110.op (note 1)	29.11.21	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	-	-	-	110
At 230.op (note 10)	29.04.29	-	-	-	-	-	290	-	-	290
		430	110	(180)	-	360	290	-	-	650
G A Forbes										
At 147.op (note 9)	23.11.28	-	350	-	-	350	-	-	-	350
At 230.op (note 10)	29.04.29	-	-	-	-	-	150	-	-	150
		-	350	-	-	350	150	-	-	500
Non-Executive Directors										
L J Thomas										
At 230.op (note 11)	29.04.27	-	-	-	-	-	75	-	-	75
		-	-	-	-	-	75	-	-	75
F H Moxon										
At 110.op (note 1)	29.11.21	20	-	(20)	-	-	-	-	-	-
At 200.op (note 3)	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	-	-	-	15
At 230.op (note 11)	29.04.27	-	-	-	-	-	30	-	-	30
		55	15	(20)	-	50	30	-	-	80
M J Stanton										
At 4,300.op (note 4)	12.03.21	2	-	-	(2)	-	-	-	-	-
At 110.op (note 1)	29.11.21	40	-	(40)	-	-	-	-	-	-
At 200.op (note 3)	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	-	-	-	20
At 230.op (note 11)	29.04.27	-	-	-	-	-	30	-	-	30
		102	20	(40)	(2)	80	30	-	-	110
Total		587	495	(240)	(2)	840	575	-	-	1,415

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 29 January 2018 under the Old Share Option Plan. All the options have vested, are exercisable at any time up to 29 January 2023 and if not exercised by that date will lapse.
- Granted on 13 March 2011 under an Individual Option Agreement. All the options have vested, and were exercisable at any time up to 13 March 2021. All have now lapsed.
- 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 and second tranches have 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 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. Upon the 6 April 2023 announcement of a farm-out in respect of the Group's Greater Buchan Area ("GBA") development project, these options vested in full and became exercisable from such date. the options are exercisable up to 23 November 2028 and will lapse if not exercised by such date.
- Granted on 29 April 2022 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. The first tranche has already vested. Subject to vesting and such performance conditions being met, the options are exercisable up to 29 April 2029 and will lapse if not exercised by such date.
- Granted on 29 April 2022 under the New Share Option Plan. Options vest in three equal tranches (one, two and three years from the date of grant) and have no performance conditions. The first tranche has already vested. Subject to vesting, the options are exercisable up to 29 April 2027 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 underlined with a single horizontal line.

Frank Moxon
Chairman of the Remuneration Committee

23 May 2023

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 2022 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 as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including 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 2022; 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 parent company, Jersey Oil and Gas Plc. 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 contribution 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)
- Going concern (group and parent)

Materiality

- Overall group materiality: £312,000 (2021: £350,000) based on 1% of total assets.
- Overall company materiality: £296,000 (2021: £200,000) based on 1% of total assets.
- Performance materiality: £234,000 (2021: £262,500) (group) and £222,000 (2021: £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.

Going concern (group and parent) is a new key audit matter this year. 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 2022, the consolidated balance sheet included £24.4m of intangible exploration assets in relation to the Greater Buchan Area (GBA). 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 2 '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 assets; • Audited the appropriateness and corroborated management’s plans and budgets for future activity on the GBA licences; • Obtained and reviewed the agreements entered into with the group’s proposed joint venture partner post year end. • Assessed the group’s interactions with the NSTA including considering whether these give rise to any indicator that the GBA licences will not be extended beyond 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; • Assessed the impact of climate change and how this has been considered within management’s assessment; and

	<ul style="list-style-type: none"> Reviewed and assessed management's disclosures included within the financial statements. <p>Based on our procedures, we concur with management's assessment that no indicators of impairment existed in relation to its intangible exploration assets at the year end. We consider the financial statements disclosures to be appropriate and in accordance with accounting standards, including management's judgement in relation to the licence extension.</p>
<p><i>Going concern (group and parent)</i></p> <p>As at 31 December 2022 the group holds approximately £6.6m of cash and cash equivalents. Accounting standards require management to assess the Company's ability to continue as a going concern for a period of at least 12 months after the date of signing the financial statements. Given the group does not generate any revenue and currently has no financing facilities, there is a risk that the cash held is not sufficient to meet the group's liabilities as they fall due for a period of at least 12 months after the date of the financial statements. Our risk assessment focused on the uncertainties over the timing and amounts of anticipated payments in relation to further development of the GBA asset and the group's ability to control its expenditure. Please refer to note 2 in the consolidated financial statements for management's conclusions regarding going concern.</p>	<p>The procedures performed in respect of going concern and our findings are set out in the "Conclusions relating to going concern" section below.</p>

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.

The group financial statements are a consolidation of eight components and an additional consolidation component. 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 and Gas Plc and Jersey Petroleum Limited) that, in our view, required full scope audits due to their relative size in the group. The audit of these full scope components was performed by the group engagement team in the UK. Together, the full scope components scoped into our audit included 99% of the consolidated total assets of the group. We also performed testing on the group consolidation adjustments as a separate component.

The impact of climate risk on our audit

Our audits considered the impact of climate change. As part of our audit, we made enquiries with management to understand the process adopted to assess the extent of the potential impact of climate risk on the Group's financial statements. We read the group's carbon policy and sustainability reporting. Using our knowledge of the business, we focused our work on how the impact of climate change could impact the assumptions made in the intangible asset impairment assessment. We also evaluated whether the impact of both physical and transitional risks had been appropriately included in management's going concern assessment. Finally, we assessed the consistency of the information in the front half of the Annual Report.

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>	£312,000 (2021: £350,000).	£296,000 (2021: £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 group 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 £50,000 - £296,000. 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% (2021: 75%) of overall materiality, amounting to £234,000 (2021: £262,500) for the group financial statements and £222,000 (2021: £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 £15,600 (group audit) (2021: £17,500) and £14,800 (company audit) (2021: £17,500) 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:

- Obtained and challenged management's future budgets and cash flows that underpin the going concern assessment, corroborating committed costs to underlying support and challenging the reasonableness of baseline operating costs, including the impact of climate change;
- Held discussions with both finance and operational management regarding future development plans and corroborated any assumptions in relation to development costs;
- Obtained and assessed the contractual arrangements entered into with the group's proposed joint venture partner including the proposed carry arrangements and considered potential payments to be made during the going concern period;
- Assessed the group's ability to control its expenditure commitments across the going concern period through contractual arrangements relating to GBA development and other operating costs;
- Validated the opening cash position and mathematical accuracy of management's going concern assessment; and

- Ensured that disclosures in the financial statements relating to the basis of preparation are sufficient.

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 2022 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 the 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 unusual manual journal entries and potential management bias in disclosures relating to the future prospects of the group. Audit procedures performed by the engagement team included:

- Enquiries made of management and legal counsel of their awareness of any instances of actual or potential litigation or claims and breaches in laws and regulation;
- Review of Board minutes;
- Review of financial statement disclosures and testing to supporting documentation where applicable, including disclosures relating to the future prospects of the company;
- Testing over journals posted by management to address the risk of management override of controls which involved testing of journals containing unusual amounts and unusual words; and
- Challenge of management in relation to assumptions made in areas of significant accounting judgement.

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.

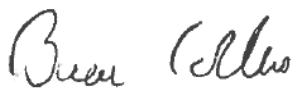
Other required reporting

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
23 May 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2022

	Note	2022 £	2021 £
Cost of sales		-	(101,079)
Gross loss		-	(101,079)
Exploration write-off/licence relinquishment	10	-	(447,812)
Administrative expenses		(3,185,103)	(3,672,135)
Operating loss	7	(3,185,103)	(4,221,026)
Finance income	6	82,842	1,807
Finance expense	6	(4,730)	(6,098)
Loss before tax	7	(3,106,991)	(4,225,317)
Tax	8	-	-
Loss for the year		(3,106,991)	(4,225,317)
Total comprehensive loss for the year (net of tax)		(3,106,991)	(4,225,317)
Total comprehensive loss for the year attributable to:			
Owners of the parent		(3,106,991)	(4,225,317)
Loss per share expressed in pence per share:			
Basic	9	(9.54)	(14.48)
Diluted	9	(9.54)	(14.48)


The notes on pages 49 to 69 are an integral part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	2022 £	2021 £
Non-current assets			
Intangible assets - exploration & development costs	10	24,372,882	21,514,153
Property, plant and equipment	11	10,203	40,077
Right-of-use assets	12	81,328	185,008
Deposits		31,112	31,112
		24,495,525	21,770,350
Current assets			
Trade and other receivables	13	167,060	353,114
Cash and cash equivalents	14	6,579,349	13,038,388
		6,746,409	13,391,502
Total assets		31,241,934	35,161,852
Equity			
Called up share capital	15	2,573,395	2,573,395
Share premium account		110,309,524	110,309,524
Share options reserve	19	2,566,343	1,397,287
Accumulated losses		(84,600,273)	(81,551,730)
Reorganisation reserve		(382,543)	(382,543)
Total equity		30,466,446	32,345,933
Liabilities			
Non-current liabilities			
Lease liabilities	17	-	83,012
		-	83,012
Current liabilities			
Trade and other payables	16	688,796	2,603,707
Lease liabilities	12	86,692	129,200
		775,488	2,732,907
Total liabilities		775,488	2,815,919
Total equity and liabilities		31,241,934	35,161,852

The financial statements on pages 46 to 48 were approved by the Board of Directors and authorised for issue on 23 May 2023. They were signed on its behalf by Graham Forbes – Chief Financial Officer.



Graham Forbes
Chief Financial Officer
23 May 2023
Company Registration Number: 07503957

The notes on pages 49 to 69 are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

		Called up share capital £	Share premium account £	Share options reserve £	Accumulated losses £	Reorganisation reserve £	Total equity £
At 1 January 2021	Note	2,466,144	93,851,526	2,109,969	(78,509,819)	(382,543)	19,535,277
Loss and total comprehensive loss for the year		-	-	-	(4,225,317)	-	(4,225,317)
Issue of share capital		107,251	16,457,997	-	-	-	16,565,248
Transactions with owners in their capacity as owners							
Expired share options	19	-	-	(909,176)	909,176	-	-
Exercised share options		-	-	(274,230)	274,230	-	-
Share based payments	19	-	-	470,725	-	-	470,725
At 31 December 2021 and 1 January 2022		2,573,395	110,309,524	1,397,287	(81,551,730)	(382,543)	32,345,933
Loss and total comprehensive loss for the year		-	-	-	(3,106,991)	-	(3,106,991)
Transactions with owners in their capacity as owners							
Expired share options	19	-	-	(58,448)	58,448	-	-
Share based payments	19	-	-	1,227,504	-	-	1,227,504
At 31 December 2022		2,573,395	110,309,524	2,566,343	(84,600,273)	(382,543)	30,466,446

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

	Note	2022 £	2021 £
Cash flows from operating activities			
Cash used in operations	21	(3,319,445)	(1,495,899)
Interest received	6	82,842	1,807
Interest paid	6	(4,730)	(6,098)
Net cash used in operating activities		(3,241,333)	(1,500,190)
Cash flows from investing activities			
Purchase of intangible assets	10	(3,092,186)	(6,970,670)
Net cash used in investing activities		(3,092,186)	(6,970,670)
Cash flows from financing activities			
Principal elements of lease payments		(125,520)	(137,516)
Proceeds from issue of shares		-	16,565,248
Net cash (used in)/generated from financing activities		(125,520)	16,427,732
(Decrease)/increase in cash and cash equivalents	21	(6,459,039)	7,956,873
Cash and cash equivalents at beginning of year	14	13,038,388	5,081,515
Cash and cash equivalents at end of year	14	6,579,349	13,038,388

The notes on pages 49 to 69 are an integral part of these financial statements

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

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 England & Wales 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 2022 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").

The financial statements have been prepared under the historic cost convention, except as disclosed in the accounting policies below. All amounts disclosed in the financial statements and notes have been rounded off to the nearest one thousand pounds unless otherwise stated.

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. The Group's main cost commitment; a 50% equity share of Front End Engineering and Design ("FEED") work for the GBA ahead of project sanction will be paid for from 1 April 2023 by the \$12.5m Pre sanction farm-in carry agreed with NEO in April 2023. This is forecast to adequately cover the field development sanction work to be carried out over the next 12 months. In addition, any FEED spend above \$12.5m and post sanction development costs of the GBA through to first oil are carried at an equity level of 12.5%. Other work that the Group is undertaking in respect of the GBA licenses and surrounding areas is modest relative to its current cash reserves. 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. Even in an extreme scenario where the Buchan development did not progress for any unforeseen reason and the future instalment payments were not realised the Group has the flexibility within its cost structure to amend its expenditure profile and continue in business beyond the next 12 months solely from utilisation of its existing cash resources. The directors have also considered the risk associated with contractual arrangements associated with the farm-out and are satisfied that the group is not exposed to any contractual commitments which could impact on the Group's going concern status over the next 12 months. Based on these circumstances, the directors have considered it appropriate to adopt the going concern basis of accounting in preparing the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

New and amended standards adopted by the Group. The Group has applied the following amendments for the first time for the annual reporting period commencing 1 January 2022:

- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16;
- Annual Improvements to IFRS Standards 2018-2020; and
- Reference to the Conceptual Framework – Amendments to IFRS 3.

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

New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods or on foreseeable future transactions.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to IAS 12; and
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2.

Significant Accounting Judgements and Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of 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 as the Group expects its licences concerned to be renewed.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

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 £1,227,504 (2021: £470,725). 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. Estimates are also used when calculating the likelihood of share options vesting given the vesting conditions of time and performance on the options granted.

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.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

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 acquisitions meet 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 on business combination 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 2022

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 and value in use.

As at 31 December 2022, the carrying value of intangible assets was £24.4m, 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 likely be extended by the NSTA. Based on this assessment, no impairment triggers existed in relation to exploration assets as of 31 December 2022.

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 2022

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 rates provided by banks or financial institutions 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 2022

Joint Ventures

The Group participates in joint venture/co-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.

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 2022

Current Tax

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 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 using the Black-Scholes Model:

- 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 2022

Contingent Liabilities & Provisions

In accordance with IAS 37, provisions are recognised where a present obligation exists to third parties as a result of a past event, where a future outflow of resources with economic benefits is probable and where a reliable estimate of that outflow can be made. If the criteria for recognising a provision are not met, but the outflow of resources is not remote, such obligations are disclosed in the notes to the consolidated financial statements (see note 18). Contingent liabilities are only recognised if the obligations are more certain, i.e. the outflow of resources with economic benefits has become probable and their amount can be reliably estimated.

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.

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

During 2022 and 2021 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 2022

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 towards 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. Please refer to Note 22, Post Balance Sheet Events, regarding the farm-out agreement with NEO. As the development progresses towards first oil, debt becomes available and will be sought in order to enhance equity returns. As at 31 December 2022 there are no borrowings within the Group (2021: 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

	2022 £	2021 £
Up to 3 months	69,735	233,864
3 to 6 months	—	—
Over 6 months	31,112	31,112
	100,847	264,976

Financial liabilities

	2022 £	2021 £
Up to 3 months	620,713	2,232,325
3 to 6 months	—	—
Over 6 months	—	—
	620,713	2,232,325

Lease liabilities

	2022 £	2021 £
Up to 3 months	31,971	31,028
3 to 6 months	32,212	31,261
Over 6 months	22,509	149,923
	86,692	212,212

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

5. Employees and Directors

	2022 £	2021 £
Wages and salaries*	2,312,653	2,207,384
Social security costs**	194,332	215,267
Share-based payments (note 19)	1,227,504	470,724
Other pension costs	209,394	218,253
	3,943,883	3,111,628

*In addition, there were payments in lieu of notice and loss of office fees of £733,725 in 2021.

** In addition, there were social security costs associated with the payments in lieu of notice and loss of office of £49,985 in 2021.

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:

	2022 No.	2021 No.
Directors	5	6
Employees - Finance	1	1
Employees - Technical	9	10
	15	17

Directors Remuneration:	2022 £	2021 £
Directors' remuneration*	664,200	938,465
Directors' pension contributions to money purchase schemes	26,500	26,450
Share-based payments (note 19)	618,914	207,534
Benefits**	12,645	17,074
	1,322,259	1,189,523

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 2021.

** In addition, there were benefit costs associated with the payments in lieu of notice and loss of office of £13,197 in 2021.

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

	2022 No.	2021 No.
Money purchase schemes	2	2

Information regarding the highest paid Director is as follows:

	2022 £	2021 £
Aggregate emoluments and benefits	255,699	256,036
Share-based payments	228,648	74,707
Pension contributions	25,000	25,000
	509,347	355,743

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

Key management compensation

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

	2022 £	2021 £
Wages and short-term employee benefits*	698,513	992,204
Share-based payments (note 19)	618,914	207,534
Pension Contributions	26,500	26,450
	1,343,927	1,226,188

*In addition, there were payments in lieu of notice and loss of office fees of £733,725 and associated benefit costs of £13,197 in 2021.

6. Net Finance Income

	2022 £	2021 £
Finance income:		
Interest received	82,842	1,807
	82,842	1,807
Finance costs:		
Interest paid	(7)	(278)
Interest on lease liability	(4,723)	(5,820)
	(4,730)	(6,098)
Net finance income/(expense)	78,112	(4,290)

7. Loss Before Tax

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

	2022 £	2021 £
Depreciation - tangible assets	29,873	34,472
Depreciation - right-of-use asset	103,680	138,176
Auditors' remuneration - audit of parent company and consolidation	105,000	80,000
Auditors' remuneration - audit of subsidiaries	25,000	27,000
Auditors' remuneration - non-audit work (taxation advice)	-	3,150
Foreign exchange gain	(6,735)	(6,027)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

8. Tax

Reconciliation of tax charge

	2022 £	2021 £
Loss before tax	(3,106,991)	(4,225,317)
Tax at the standard rate of 19% (2021: 19%)	(590,328)	(802,810)
Capital allowances in excess of depreciation	(90,204)	(1,330,468)
Expenses not deductible for tax purposes and non-taxable income	234,654	91,330
Deferred tax asset not recognised	445,878	2,041,949
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 2022, or for the year ended 31 December 2021.

In April 2023, the rate of corporation tax will increase to 25% for profits over £250,000.

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 £62 million (2021: £57 million).

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 a loss recorded in the year.

	Loss attributable to ordinary shareholders £	Weighted average number of shares	Per share amount pence
Year ended 31 December 2022			
Basic and Diluted EPS			
Basic & Diluted	(3,106,991)	32,554,293	(9.54)
Year ended 31 December 2021			
Basic and Diluted EPS			
Basic & Diluted	(4,225,317)	29,171,548	(14.48)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

10. Intangible assets

	Exploration costs £
Cost	
At 1 January 2021	15,166,536
Additions	6,970,670
Exploration write-off/relinquishment	(447,812)
At 31 December 2021	21,689,394
Additions	2,858,729
At 31 December 2022	24,548,122
Accumulated Amortisation	
At 1 January 2021	175,241
Charge for the year	–
At 31 December 2021	175,241
At 31 December 2022	175,241
Net Book Value	
At 31 December 2022	24,372,882
At 31 December 2021	21,514,153

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 Cicco 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.

Later in 2021, 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 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 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 2022 there are not deemed to be indicators that the licences are not commercial and the carrying value of £24,372,882 continues to be supported by ongoing exploration and development work on the licence area with no impairments considered necessary. Under IFRS 6, this required a significant judgement to be made confirming that we expect the NSTA to extend our license interests in P2498 and P2170.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

11. Property, Plant and Equipment

	Computer and office equipment £
Cost	
At 1 January 2021	228,447
Additions	-
At 31 December 2021	228,447
Additions	-
At 31 December 2022	228,447
Accumulated Depreciation	
At 1 January 2021	153,898
Charge for the year	34,472
At 31 December 2021	188,370
Charge for the year	29,873
At 31 December 2022	218,244
Net Book Value	
At 31 December 2022	10,203
At 31 December 2021	40,077

12. Leases

Amounts Recognised in the Statement of financial position

	2022 £	2021 £
Right-of-use Assets		
Buildings	81,328	185,008
	81,328	185,008
Lease liabilities		
Current	86,692	129,200
Non-Current	-	83,012
	86,692	212,212

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 2022 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

	2022 £	2021 £
Depreciation charge of right-of-use asset		
Buildings	103,680	138,176
	103,680	138,176
Interest expenses (included in finance cost)	(4,723)	(5,820)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

13. Trade and other receivables

	2022 £	2021 £
Current:		
Other receivables	30	30
Value added tax	69,702	233,835
Prepayments	97,328	119,249
	167,060	353,114

14. Cash and cash equivalents

	2022 £	2021 £
Cash in bank accounts	6,579,349	13,038,388

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	2022 £	2021 £
Number:	Class			
32,554,293 (2021: 32,554,293)	Ordinary	1p	2,573,395	2,573,395

Ordinary shares have a par value of 1p. They entitle the holder to participate in dividends, distributions 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.

In 2021, 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

	2022 £	2021 £
Current:		
Trade payables	459,461	1,211,220
Accrued expenses	161,253	1,021,105
Taxation and Social Security	68,082	371,381
	688,796	2,603,706

17. Lease liabilities

	2022 £	2021 £
Non-Current:		
Lease liabilities	-	83,012
	-	83,012

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

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 had 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 2022

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 £1,227,504 (2021: £470,725) and details of outstanding options are set out in the table below.

Date of Grant	Exercise price (pence)	Vesting date	Expiry date	No. of shares for which options outstanding at 1 Jan 2022	Options issued	Options Exercised	Options lapsed/non vesting during the year	No. of shares for which options outstanding at 31 Dec 2022
May 2013	1,500	May 2014	May 2023	9,500	-	-	-	9,500
May 2013	1,500	May 2015	May 2023	9,500	-	-	-	9,500
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	68,333	-	-	-	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	-	-	(8,333)	75,000
Jan 2021	155	Jan 2024	Jan 2028	83,334	-	-	(8,334)	75,000
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	137,334	-	-	(666)	136,668
Mar 2021	210	Mar 2023	Mar 2028	137,333	-	-	(44,000)	93,333
Mar 2021	210	Mar 2024	Mar 2028	137,333	-	-	(44,000)	93,333
Nov 2021	147	Nov 2022	Nov 2028	233,334	-	-	-	233,334
Nov 2021	147	Nov 2023	Nov 2028	233,333	-	-	-	233,333
Nov 2021	147	Nov 2024	Nov 2028	233,333	-	-	-	233,333
Apr 2022	230	Apr 2023	Apr 2029	-	285,000	-	-	285,000
Apr 2022	230	Apr 2024	Apr 2029	-	285,000	-	-	285,000
Apr 2022	230	Apr 2025	Apr 2029	-	285,000	-	-	285,000
Apr 2022	230	Apr 2023	Apr 2027	-	45,000	-	-	45,000
Apr 2022	230	Apr 2024	Apr 2027	-	45,000	-	-	45,000
Apr 2022	230	Apr 2025	Apr 2027	-	45,000	-	-	45,000
Total								3,534,000

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

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 ranging between 1.10% and 1.30%. 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 2022 was 230 pence, the weighted average remaining contractual life of the options was 6 years (for all schemes 4 years), the weighted average volatility rates was 114% and the dividend yield was nil. During the year 60,000 share options from the April 2018 issuance expired, these had an exercise price of 310 pence, a further 105,333 share options were forfeited due to the departure of employees, these had a weighted exercise price of 201 pence. There were no share options exercised in the year. The weighted average exercise price for all outstanding options at 31 December 2022 was 199 pence. For details of the 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

	2022 £	2021 £
Loss for the year before tax	(3,106,991)	(4,225,317)
Adjusted for:		
Depreciation	29,873	34,472
Impairments	-	447,812
Depreciation right-of-use asset	103,680	138,176
Share-based payments (net)	1,227,504	470,724
Finance costs	4,730	6,098
Finance income	(82,842)	(1,807)
	(1,824,046)	(3,129,842)
Decrease in trade and other receivables	186,054	99,856
(Decrease)/increase in trade and other payables	(1,681,452)	1,534,087
Cash used in operations	(3,319,445)	(1,495,899)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

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 2022

	31 Dec 2022	01 Jan 2022
	£	£
Cash and cash equivalents	6,579,349	13,038,388

Year ended 2021

	31 Dec 2021	1 Jan 2021
	£	£
Cash and cash equivalents	13,038,388	5,081,515

Analysis of net cash

	At 1 Jan 2022	Cash outflow	At 31 Dec 2022
	£	£	£
Cash and cash equivalents	13,038,388	6,459,039	6,579,349
Net cash	13,038,388	6,459,039	6,579,349

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

22. Post balance sheet events

On 6 April 2023, Jersey Oil and Gas Plc announced that it has agreed to farm-out a 50% interest in the Greater Buchan Area licences to NEO Energy ("NEO").

In exchange for entering into definitive agreements to divest a 50% working interest and operatorship in the GBA licences to NEO, the Company will receive:

- 12.5% carry of the Buchan field development costs included in the FDP approved by the North Sea Transition Authority ("NSTA"); equivalent to a 1.25 carry ratio
- Carry for JOG's 50% share of the estimated \$25 million cost to take the Buchan field through to FDP approval
- \$2 million cash payment on completion of the transaction
- \$9.4 million cash payment upon finalisation of the GBA development solution
- \$12.5 million cash payment on approval of the Buchan FDP by the NSTA
- \$5 million cash payment on each FDP approval by the NSTA in respect of the J2 and Verbier oil discoveries

The primary conditions precedent to completing the transaction are receipt of the approvals from the NSTA for the transaction and the associated extension of the Company's two GBA licences. Following completion of the transaction, operatorship of the licences will transfer to NEO.

23. Availability of the annual report 2022

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 year ended 31 December 2022

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COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	2022 £	2021 £
Non-current assets			
Investments in subsidiaries	4	—	—
Property, plant and equipment	5	10,010	38,065
Right-of-use asset	6	45,649	106,514
		55,659	144,579
Current assets			
Trade and other receivables	7	31,842,163	26,090,088
Cash and cash equivalents	8	6,436,069	12,891,047
		38,278,232	38,981,135
Total assets		38,333,891	39,125,714
Equity			
Called up share capital	9	2,573,395	2,573,395
Share premium account		110,309,524	110,309,524
Share options reserve		2,566,338	1,397,282
Accumulated losses		(77,623,549)	(76,286,305)
Total equity		37,825,708	37,993,896
Non-current liabilities			
Lease liabilities	6	-	36,290
Current liabilities			
Trade and other payables	10	471,893	1,024,558
Lease liabilities	6	36,290	70,970
Total liabilities		508,183	1,131,818
Total equity and liabilities		38,333,891	39,125,714

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent Company is not presented as part of these financial statements. The parent Company's loss for the year was £1,395,692 (2021: Loss of £715,412).

The financial statements on pages 71 and 72 were approved by the Board of Directors and authorised for issue on 23 May 2023. They were signed on its behalf by Graham Forbes – Chief Financial Officer.



Graham Forbes
Chief Financial Officer
23 May 2023

Company Registration Number: 07503957

The notes on pages 73 to 79 are an integral part of these financial statements

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Note	Called up share capital £	Share premium account £	Share options reserve £	Accumulated losses £	Total equity £
At 1 January 2021		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
Transactions with owners in their capacity as owners						
Expired share options		–	–	(909,176)	909,176	–
Exercised share options		–	–	(274,230)	274,230	–
Transactions with owners (share-based payments)	5	–	–	470,725	–	470,725
At 31 December 2021		2,573,395	110,309,524	1,397,282	(76,286,305)	37,993,896
Total comprehensive loss for the year		–	–	–	(1,395,692)	(1,395,692)
Transactions with owners in their capacity as owners						
Expired share options		–	–	(58,448)	58,448	–
Transactions with owners (share-based payments)	5	–	–	1,227,504	–	1,227,504
At 31 December 2022		2,573,395	110,309,524	2,566,338	(77,623,549)	37,825,708

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 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

The notes on pages 73 to 79 are an integral part of these financial statements

Notes to the Company Financial Statements

For the year ended 31 December 2022

1. Significant accounting policies

The financial statements of Jersey Oil and Gas Plc have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). 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.

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 these 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; and
 - paragraph 73(e) of IAS 16, 'Property, plant and equipment';
- 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.

Notes to the Company Financial Statements

For the year ended 31 December 2022

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. The Group's main cost commitment; a 50% equity share of Front End Engineering and Design ("FEED") work for the GBA ahead of project sanction will be paid for from 1 April 2023 by the \$12.5m Pre sanction farm-in carry agreed with NEO in April 2023. This is forecast to adequately cover the field development sanction work to be carried out over the next 12 months. In addition, any FEED spend above \$12.5m and post sanction development costs of the GBA through to first oil are carried at an equity level of 12.5%. Other work that the Group is undertaking in respect of the GBA licenses and surrounding areas is modest relative to its current cash reserves. 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. Even in an extreme scenario where the Buchan development did not progress for any unforeseen reason and the future instalment payments were not realised the Group has the flexibility within its cost structure to amend its expenditure profile and continue in business beyond the next 12 months solely from utilisation of its existing cash resources. The directors have also considered the risk associated with contractual arrangements associated with the farm-out and are satisfied that the group is not exposed to any contractual commitments which could impact on the Group's going concern status over the next 12 months. Based on these circumstances, the directors have considered it appropriate to adopt the going concern basis of accounting in preparing the 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

	2022 £	2021 £
Wages and salaries*	1,499,246	1,548,961
Social security costs**	198,718	190,882
Share based payments	1,227,504	470,724
Other pensions costs	165,019	175,253
	3,090,487	2,385,821

*In addition, there were payments in lieu of notice and loss of office fees of £328,725 in 2021.

** In addition, there were social security costs associated with the payments in lieu of notice and loss of office of £42,173 in 2021.

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:

	2022	2021
Directors	4	6
Employees – Finance	1	1
Employees – Technical	7	8
	12	15

Notes to the Company Financial Statements

For the year ended 31 December 2022

2. Employees and directors *continued*

	2022 £	2021 £
Directors' remuneration*	434,392	487,042
Directors' pension contributions to money purchase schemes	1,500	1,450
Benefits**	6,946	6,881
	442,838	495,373

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

The Directors' 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 2021.

** In addition, there were benefit costs associated with the payments in lieu of notice and loss of office of £5,110 in 2021.

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

	2022	2021
Money purchase schemes	1	1

Information regarding the highest paid Director is as follows:

	2022 £	2021 £
Aggregate emoluments and benefits	266,146	232,069
Pension contributions	—	—
	266,146	232,069

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:

	2022 £	2021 £
Wages and short-term employee benefits*	463,006	530,588
Share based payments (note 19)	618,914	207,534
Pension Contributions	1,500	1,450
	1,083,420	739,572

*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 in 2021.

3. Loss of parent company

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

The parent Company's loss for the year was £1,395,692 (2021: Loss of £715,412).

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

Notes to the Company Financial Statements

For the year ended 31 December 2022

4. Investment in subsidiaries

	2022 £	2021 £
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 2022 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 2022	178,960
At 31 December 2022	178,960
Accumulated depreciation	
At 1 January 2022	140,895
Charge for year	28,055
At 31 December 2022	168,950
Net book value	
At 31 December 2022	10,010
At 31 December 2021	38,065

Notes to the Company Financial Statements

For the year ended 31 December 2022

6. Right-of-use Assets

Amounts Recognised in the Statement of financial position

	2022 £	2021 £
Right-of-use assets		
Buildings	45,649	106,514
	45,649	106,514
Lease liabilities		
Current	36,290	70,970
Non-Current	-	36,290
	36,290	107,260

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 2022 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

	2022 £	2021 £
Depreciation charge of right-of-use asset		
Buildings	60,865	95,360
	60,865	95,360
Interest expenses (included in finance cost)	(2,430)	(1,908)

Notes to the Company Financial Statements

For the year ended 31 December 2022

7. Trade and other receivables

	2022 £	2021 £
Current:		
Value Added Tax	67,532	231,665
Amounts due from Group undertakings	31,704,534	25,780,429
Prepayments	67,405	75,302
Deposits	2,692	2,692
	31,842,163	26,090,088

The balances above were assessed for recoverability under the expected credit loss model and amounts due from Group undertakings are stated net of losses of £69,800,211 (2021: £69,800,211). The amounts due from Group undertakings are unsecured, non-interest bearing, have no fixed date of repayment and are repayable on demand.

8. Cash and cash equivalents

	2022 £	2021 £
Cash at bank	6,436,069	12,891,047

9. Called up share capital

Issued and fully paid:

Number:	Class	Nominal Value	2022 £	2021 £
32,554,293 (2021: 32,554,293)	Ordinary	1p	2,573,395	2,573,395

Ordinary shares have a par value of 1p. They entitle the holder to participate in dividends, distributions 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.

10. Trade and other payables

	2022 £	2021 £
Current:		
Amounts due to Group undertakings	211,678	211,678
Trade payables	79,002	159,424
Other payables	61,996	346,892
Accrued expenses	119,217	306,566
	471,893	1,024,560

Amounts shown as Current: Amounts owed to Group undertakings are unsecured, interest bearing, have no fixed date of repayment and are repayable on demand.

Notes to the Company Financial Statements

11. Post balance sheet events

On 19th May 2023 Jersey Oil and Gas PLC (Company) waived the balance owed by Jersey Petroleum Limited as at 31st March 2023, totalling £97,253,142 by way of a deed of forgiveness.

For all Group related post balance sheet events please see note 22 of the consolidated financial statements.



Jersey Oil and Gas plc

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