



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2023 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 924 186 720
Organisasjonsform: Aksjeselskap
Foretaksnavn: JAPEX NORGE AS
Forretningsadresse: Strandkaien 36
4005 STAVANGER

Regnskapsår

Årsregnskapets periode: 01.01.2023 - 31.12.2023

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Nina Henriksen
Dato for fastsettelse av årsregnskapet: 02.04.2024

Grunnlag for avgivelse

År 2023: Årsregnskapet er elektronisk innlevert
År 2022: Tall er hentet fra elektronisk innlevert årsregnskap fra 2023

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 11.05.2025



Resultatregnskap

Beløp i: NOK	Note	2023	2022
RESULTATREGNSKAP			
Inntekter			
Other operating income		8 105 383	1 311 737
Sum inntekter		8 105 383	1 311 737
Kostnader			
Exploration expense	8	365 513 741	508 636 557
Administrative Expenses	4,5	57 258 573	36 804 103
Share based compensation		2 178 010	1 773 103
Depreciation		1 676 322	1 540 282
Sum kostnader		426 626 646	548 754 045
Driftsresultat		-418 521 263	-547 442 308
Finansinntekter og finanskostnader			
Finance income	6	15 258 738	1 287 530
Foreign exchange gain/loss			6 477 601
Sum finansinntekter		15 258 738	7 765 131
Finance costs	7	42 328 406	20 258 882
Foreign exchange gain/loss		4 013 440	0
Sum finanskostnader		46 341 846	20 258 882
Netto finans		-31 083 108	-12 493 751
Ordinært resultat før skattekostnad		-449 604 371	-559 936 059
Income tax credit	9	-308 102 984	-402 044 949
Ordinært resultat etter skattekostnad		-141 501 387	-157 891 110
Årsresultat		-141 501 387	-157 891 110



Balanse

Beløp i: NOK	Note	2023	2022
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Intangible Assets	11	317 639 744	414 653 348
Sum immaterielle eiendeler		317 639 744	414 653 348
Varige driftsmidler			
Property, plant and equipment	12	504 272	614 859
Right of use asset	12	4 222 617	5 306 245
Sum varige driftsmidler		4 726 889	5 921 104
Sum anleggsmidler		322 366 633	420 574 452
Omløpsmidler			
Varer			
Inventories	13	123 616	1 463 937
Sum varer		123 616	1 463 937
Fordringer			
Trade and other receivables	15	38 179 577	11 544 495
Current tax recoverable	16	227 925 989	483 367 815
Sum fordringer		266 105 566	494 912 310
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	13	106 131 144	94 049 691
Sum bankinnskudd, kontanter og lignende		106 131 144	94 049 691
Sum omløpsmidler		372 360 326	590 425 938
SUM EIENDELER		694 726 959	1 011 000 390

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital



Balanse

Beløp i: NOK	Note	2023	2022
Called up share capital	20	6 786 430	3 400 000
Share premium account	21	522 119 744	352 250 800
Sum innskutt egenkapital		528 906 174	355 650 800
Opptjent egenkapital			
Retained earnings		-337 443 185	-195 941 798
Sum opptjent egenkapital		-337 443 185	-195 941 798
Sum egenkapital		191 462 989	159 709 002
Gjeld			
Langsiktig gjeld			
Utsatt skatt	19	226 430 358	305 246 966
Sum avsetninger for forpliktelser		226 430 358	305 246 966
Annen langsiktig gjeld			
Trade and other Payables	17	4 474 802	44 144 750
Lease	18	3 163 433	4 352 346
Sum annen langsiktig gjeld		7 638 235	48 497 096
Sum langsiktig gjeld		234 068 593	353 744 062
Kortsiktig gjeld			
Exploration Finance Facility and bank borrowings	17	210 000 000	436 000 000
Trade and other payables	17	57 617 756	60 093 114
Lease liabilities	18	1 577 621	1 454 211
Sum kortsiktig gjeld		269 195 377	497 547 325
Sum gjeld		503 263 970	851 291 387
SUM EGENKAPITAL OG GJELD		694 726 959	1 011 000 389



Skatteetaten

Vår dato
12.04.2021

Din/Deres dato

Saksbehandler
Robin Ingebrigtsen

800 80 000
Skatteetaten.no

Din/Deres referanse

Telefon
99778267

Org.nr
974761076

Vår referanse
2021/5273987

Postadresse
Postboks 9200 Grønland
0134 OSLO

LONGBOAT ENERGY NORGE AS
Postboks 231
4001 STAVANGER

Dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk

Vi viser til Longboat Energy Norge AS' (org.nr. 924 186 720) søknad om dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk.

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering selskapet dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at engelsk språk benyttes i stedet ved utarbeidelsen, og at øvrige opplysninger som vedtaket baserer seg på, heller ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

Fra søknaden siteres:

Longboat Energy Norge AS er et heleid datterselskap av det engelske selskapet Longboat Energy PLC. Selskapet er nystiftet i desember 2019 med formål om å starte letearbeid etter olje og gass hovedsakelig på norsk og britisk sokkel. Virksomheten er internasjonal og alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk som arbeidsspråk. I tillegg er en betydelig majoritet av eiere og styremedlemmer engelske.

I oljebransjen er engelsk det klart dominerende språket og en norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

Med bakgrunn i det ovenstående sender vi derfor inn søknad om dispensasjon.

Skattekontorets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."



I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap mv., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *“informative regnskaper for ulike grupper av regnskapsbrukere”*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte, kunder og lokalsamfunnet.

Det er etter skattekontorets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I dette tilfellet er det opplyst at kommunikasjon med de fleste av selskapets aktører skjer på engelsk. Selskapets eiere er i hovedsak engelskspråklige og vil ikke ha mulighet for å forstå årsregnskap og årsberetning på norsk. Skattekontoret finner at disse forholdene samlet tilsier at dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk kan gis.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Magrit Kilen Stoebner
underdirektør
Innsats, storbedrift
Skatteetaten

Robin Ingebrigtsen

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.

Side 2 / 2



BDO AS
Luramyrveien 40
Postboks 1107
4391 Sandnes
Norway

Independent Auditor's Report

To the Annual Shareholders meeting of Longboat JAPEX Norge AS

Opinion

We have audited the financial statements of Longboat JAPEX Norge AS.

The financial statements comprise:

- The balance sheet as at 31 December 2023
- The income statement for 2023
- Statement of changes in equity
- Statement of cash flows for the year that ended 31 December 2023
- Notes to the financial statements, including a summary of significant accounting policies

In our opinion:

- The financial statements comply with applicable statutory requirements, and
- The financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty regarding the Company's ability to continue as a going concern

We draw attention to note 1.4 and in the Board of Director's report, which indicates that the Company will need to access to additional funds during 2024 in order to fund on-going operations and pursue growth opportunities. As stated in note 1.4, these events or conditions, along with other matters as set forth in note 1.4, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The Board of Directors and the Managing Director (management) is responsible for the other information. The other information comprises the Board of Directors' report. Our opinion on the financial statements does not cover the other information.

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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on the Board of Director's report

Based on our knowledge obtained in the audit, in our opinion the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines 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, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to:

<https://revisorforeningen.no/revisjonsberetninger>

BDO AS

Stig Andre Fjelldahl
State Authorised Public Accountant
(This document is signed electronically)



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Stig André Fjell Dahl

Partner

Serienummer: 9578-5997-4-4492

IP: 188.95.xxx.xxx

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To BDO AS attn. Stig Andre Fjell Dahl

Stavanger April 2, 2024

Management representation letter

This representation letter is provided in connection with your audit of the financial statements of Longboat JAPEX Norge AS for the year ended 31 December 2023 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of the Company, the results of its operations and its cashflows in accordance with International Financial Reporting Standards as adopted by EU.

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves the following representations:

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated January 26 2021, for the preparation of the financial statements in accordance with the International Financial Reporting Standards as adopted by EU including the appropriate disclosure of all information required by statute.
2. There have been no irregularities involving management or employees who have a significant role in internal control or that could have a material effect on the financial statements.
3. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
4. In relation to those laws and regulations which provide the legal framework within which our business is conducted, and which are central to our ability to conduct our business, we have disclosed to you all instances of possible non-compliance of which we are aware and all actual or contingent consequences arising from such instances of non-compliance.
5. We acknowledge our responsibility for the implementation and operation of internal controls that are designed to prevent and detect fraud and error. We have given you information about any deviations in the internal control that are known to us. We are not aware of any lack of information or misstatements. We have disclosed to you all allegations of fraud or suspected fraud affecting the financial statements that have been communicated to the company by employees, former employees, analysts, regulators or any other party. We have disclosed to you all significant facts relating to any frauds or suspected frauds known to us that may have affected the entity and which involved management, employees who have significant roles in internal control or others where the fraud could have a material effect on the financial report and we have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
6. The financial statements and any other information in the annual report provided to you prior to the date of this representation letter are consistent with one another, and there is no material misstatement in the other information.
7. We have made available to you all books of account and supporting documentation and all minutes of meetings of shareholders and the board of director for summaries of actions of recent meetings for which minutes have not yet been prepared. The most recent meetings held were: 18.03.2024
8. Longboat JAPEX Norge AS has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance.

Longboat JAPEX Norge AS, registered in Norway. Company Number: 924 186 720
Registered office: Strandkaian 36, 4005 Stavanger, Norway. www.longboatenergy.com



- There have been no communications concerning non-compliance with requirements of regulatory authorities with respect to financial matters.
9. The following have been properly recorded and, when appropriate, adequately disclosed in the financial statements:
- a. The identity of, and balances and transactions with, related parties;
 - b. Losses arising from sale and purchase commitments;
 - c. Agreements and options to buy back assets previously sold;
 - d. Assets pledged as collateral.
10. The methods, the important assumptions and the data applied by us in the preparation of accounting estimates and associated additional information, are appropriate and in accordance with the current financial reporting framework.
11. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.
12. We have identified all excess or obsolete stocks, and no stocks are stated at an amount in excess of net realizable value.
13. The Company has satisfactory title to all assets and there are no liens, or encumbrances on the company's assets except those that are disclosed in the statements or notes thereto.
14. We have recorded or disclosed all liabilities, both actual and contingent, and have disclosed in notes any guarantees that we have given to third parties.
15. All events subsequent to the date of the financial statements that require adjustment or disclosure have been adjusted or disclosed.
16. We have informed you of all known actual or possible litigation and claims whose effects we considered in the preparation of the financial statements. When applicable, these claims have been appropriately accounted for and disclosed in the financial statements.
17. All transactions have been recorded in the accounting records and are reflected in the financial statements. The financial statements are free of material misstatements, including omissions.
18. We have disclosed to you our assessment of the entity's ability to continue operating as a going concern, including our assessment of the effects of ongoing infection control measures as a result of the corona outbreak.
19. We have not provided any loans or guarantees to shareholders or their related parties after the year end that makes the allocation of this year's results in violation with section 8-1 of the Norwegian Private Limited Liability Companies Act.
20. We have fulfilled our responsibility regarding information given in the Tax Report, including attachments, and hereby confirm that the information given is correct and complete.
21. We acknowledge our responsibilities and have fulfilled these responsibilities regarding registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.
22. We have provided you with:
- a. Additional information that you have requested from us for the purpose of the audit;
 - b. The final version of the document(s) comprising the annual report, and
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

Hilde Salthe
Managing Director

Helge Ansgar hammer
Chairman of the Board



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LONGBOAT JAPEX NORGE AS
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023



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LONGBOAT JAPEX NORGE AS

COMPANY INFORMATION

Directors	H. A. Hammer (Chairman) S. Abe (Deputy Chairman), J. R. Cooper, N. A. Ingrassia, A. Kato E. Yonemura
Executive Management	H. Salthe (Managing Director), T. Shibuta (Deputy Managing Director)
Company number	924 186 720
Registered office	Strandkaien 36 Stavanger 4005 Norway
Auditor	BDO AS Munkedamsveien 45 0250 Oslo Norway



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LONGBOAT JAPEX NORGE AS

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LONGBOAT JAPEX NORGE AS

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors present their annual report and financial statements for the year ended 31 December 2023.

Chairman Statement

The Company's vision is to create value for its shareholders by building a full-cycle E&P business and during the year an important step towards this vision was made with a transaction with JAPEX to create a new Norwegian joint venture re-capitalising the business which has the potential to become transformational for the Company.

JAPEX is listed on the Tokyo Stock Exchange with the Japanese government as the largest shareholder at 35%. To establish the new Norwegian Joint Venture Company, Longboat issued shares in its Norwegian subsidiary to give JAPEX 49.9% ownership and JAPEX made a US\$20 million investment, US\$16 million for the existing subsidiary and a further US\$4 million for completion of the Staffjord satellites transaction. The transaction was completed in July 2023 and the new Joint Venture Company has been renamed Longboat JAPEX Norge AS.

The objective is to build the Company into a leading Norwegian-focused independent E&P company. The Company will pursue a growth-led strategy to create value predominantly through the acquisition of production and development projects, growing 2P reserves and reaching significant production levels within three to five years. The Company will continue to target the drilling of one to three Exploration and Appraisal (E&A) wells per year on a selective basis to continue to exploit high-quality organic opportunities on the Norwegian Continental Shelf.

Furthermore, our Japanese partner has provided the Company with a US\$100 million Acquisition Financing Facility, which is available for Norwegian acquisitions and associated development costs. The Acquisition Financing Facility has attractive terms which comprise a five years repayment period and interest rates starting at 6%, escalating and with the all-in cost over the term at less than 10%.

Shortly after establishing the Joint Venture, the Company delivered its first production acquisition of interests in two Staffjord satellite fields, Staffjord Øst and Sygna. Even though this was a relatively small acquisition, it is significant since these are long-life assets and have just undergone a significant infill drilling and redevelopment project. The acquisition was financed from existing cash and by drawing on the Acquisition Financing Facility, without raising equity.

Since inception, the Company participated in nine exploration wells in Norway resulting in six hydrocarbon discoveries. The most significant of these is the Kveikje discovery in an area to northwest of the giant Troll field, where many discoveries have been made over the last few years. Kveikje contains 35-60 million boe (ERCE Competent Persons Report 2C-3C September 2022) of recoverable resource in injectite sands, which is characterized by excellent reservoir quality, and the field has been evaluated as a part of wider cluster development operated by Equinor.

The Company's G&G team has considerable in-house expertise on the interpretation of injectite reservoirs, which the Company has used to build a core position around Kveikje. Later in 2024, we will drill an exploration well on the Kjøttkake/Lotus prospect, which is analogous and adjacent to Kveikje and which we have successfully farmed down for a full carry. In July 2023 we secured an extension of PL1049, which contain several injectite reservoir targets, and in January 2024 we were also successfully awarded a new license PL 1212S covering the Magnolia prospect, another nearby injectite target located to the north of Kveikje.

The Velocette exploration well in the Norwegian Sea discovered 1-11 million boe of gas (operator estimate), which is insufficient to be commercial on a standalone basis. However, the well successfully proved the presence of gas in good quality reservoir, which was the primary pre-drill risk, and there are several similar prospects in the license, which are currently being re-evaluated before making any further commitments in the license.

Operational report

Operationally 2023 has been a quieter period compared to the two previous years when the Company participated in one of the most active independent exploration drilling campaigns. In early-August the drilling of the OMV operated Velocette well commenced (Longboat JAPEX 20%) targeting a large gas-condensate prospect on the eastern flank of the Utgard High in the Norwegian Sea. On 20 September 2023 we announced a minor gas discovery where the well encountered hydrocarbons in the primary target in Cretaceous turbidity sands in the Nise formation. The Velocette volumes are at the lower end of pre-drill expectations and the discovery is not considered to be commercial in isolation. However, the licence contains several other prospects which have been de-risked by the presence of gas in good quality reservoir in the Velocette well. The remaining prospectivity has size potential in multiple structures with slightly different trapping geometries. Further assessment of the licence prospectivity together with other opportunities in the area could impact on the commercial potential of the licence. High quality data and gas and fluid samples were collected in the exploration well and these will be integrated into the updated prospect evaluations.

Acquisition of the producing Staffjord Satellites was announced in early July 2023 and completed at the end of



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LONGBOAT JAPEX NORGE AS

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

January 2024. This is a significant acquisition as it represents not only the Company's first production acquisition but also demonstrates the ability of the Longboat JAPEX joint venture to access and transact opportunities. The 4.80% unitized interest in the Staffjord Øst Unit and 4.32% unitized interest in the Sygna Unit will provide long-term cash flow with the fields expected to produce until late 2030s. Initial production of ~300 boepd net to Longboat JAPEX is anticipated to approximately double in 2024 following a five well in-fill drilling program. The drilling and gas-lift installation is now complete. The acquisition of the Staffjord Satellites has been funded by a combination of the investment by JAPEX into Longboat JAPEX, cash on hand and a drawing of approximately US\$15 million on the Acquisition Bridge Facility provided by JAPEX to the Joint Venture. The drawing under the facility in January 2024 was greater than originally forecast due to negative working capital movements related to delays and costs in bringing new wells on-stream during 2023. One well is now in production and the remaining wells will be on stream progressively mostly in March/April timeframe.

Building our position in the prolific Kveikje area where multiple discoveries have been made in 2023, we announced early in 2023 the award in the APA licensing round of a 30% working in the license with a firm well on the Kjøttkake/Lotus prospect, which lies 4km southeast of the Kveikje discovery and is expected to contain analogous injectite sands to the sand encountered in Kveikje. Based on Company estimate Kjøttkake/Lotus prospect has gross mean prospective resources of 27 mmmboe with an upside of 44 mmmboe. The estimated chance of success is 56%. The Kjøttkake/Lotus prospect will be drilled using the semi-submersible Deepsea Yantai and is expected to be drilled during Q3 2024. In December 2023 we entered into an agreement to farm down 15% interest for a fully carry of remaining Longboat JAPEX's 15% interest and the transaction were completed in January 2024.

In July 2023 a new license group was formed and an extended work period was granted in license PL1049. The license was stratigraphically split and the Company retained 40% interest. The objective is to pursue two prospects, Jasmine and Sjøkreps in the Tertiary play, which has been proven to be successful in the area including in Longboat JAPEX's Kveikje discovery in PL293B, only 12 km to the East. The prospects will be de-risked by wells committed to be drilled in the vicinity together with new modern high quality seismic data and processing techniques before drilling decision is taken. In December 2023 the Company entered into an agreement to farm down 15% interest in return for a partial carry for 15% out of remaining Company's 25%, and the transaction was completed in January 2024

Financial review

Longboat had a gross cash position at the end of the period of NOK 106 million (2022: NOK 94.0 million) with borrowings under the Exploration Finance Facility of NOK 210 million (2022: NOK436 million) to be repaid by a tax rebate in Q4 2024. During the period, Longboat drilled one exploration well (Velocette) where the associated costs came in slightly higher than budgeted at the time of the license acquisitions.

The loss after taxation for the period excluding other comprehensive income was NOK 141.5 million (2022: NOK 157.8 million), which includes the write off of NOK 365.5 million of pre-tax exploration costs in relation to the Velocette exploration well and after a tax credit of NOK 308.1 million, resulting in a post-tax cost for Velocette of NOK [57.4] million.

Salaries and pension costs in the twelve month period were NOK 25.7 million (2022 NOK 24.7 million). Finance costs of NOK 42.3 million were incurred, predominately in relation to the EFF fees and interest.

Post the period end the Staffjord Satellites transaction was closed and was funded by a combination of the investment by JAPEX into Longboat JAPEX, cash on hand and a drawing of approximately US\$15 million on the Acquisition Bridge Facility provided by JAPEX to the Joint Venture.



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LONGBOAT JAPEX NORGE AS

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Having undertaken careful enquiry, the Directors are of the view the Company will need to access additional funds during 2024 in order to fund on-going operations and pursue growth opportunities. It is anticipated these funds will be sourced through asset disposals, farm downs, JAPEX Acquisition Financing Facility for a qualifying acquisition, further advances from its shareholders or combination of these actions.

The financial statements for the year to 31 December 2023 have been prepared assuming the Company will continue as a going concern. In support of this, the Directors believe the liquid nature of the Norwegian asset market combined with shareholder support, adequate funds can be accessed if and when required. However, the ability to access funds is not guaranteed at the date of signing these financial statements. As a consequence, this funding requirement represents a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

The working environment and the employees

Leave of absence due to illness totaled 8.1% in 2023 (2.7% in 2022). The Company will continue its efforts to maintain this record on the number of sick days and has initiatives such as free physical therapy through the Storebrand health insurance as well as emphasizing the importance of a good working environment with a flexible balance between work and family.

No incidences or reporting of workrelated accidents resulting in significant material damage or personal injury occurred during the year.

The working environment is considered to be good, and efforts for improvements are made on an ongoing basis.

Insurance for board members

The Longboat JAPEX Norge board members and officers of the Company are insured with a Directors' and Officers' Liability Insurance via Longboat Energy plc. The insurance covers a limit of liability of GBP 5 million and applies to all Longboat legal entities which includes the Company by virtue of the 50.1% shareholding held by Longboat Energy plc. The principal purpose of the cover is to reimburse directors and officers for losses or advance defense costs in the event of a loss resulting from a legal action brought for alleged wrongful acts in their capacity as directors and officers.

Results

For the period to 31 December 2023, the Company's loss after taxation was NOK 141.1 million (2022: NOK 157.9 million).

It is the Board's policy that the Company should seek to generate capital growth for its shareholder but may recommend distributions at some future date when the investment portfolio matures, and production revenues are established and when it becomes commercially prudent to do so.

Principal risks and uncertainties facing the business

The risks set out below are a selection of the principal near-term risks that face the Company. These risks should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties.

Area: Exploration/ drilling, developing and operating risks

Description: The Company has invested in oil and gas exploration assets which are speculative and involve a significant degree of risk. There is no assurance that such exploration will lead to commercial discoveries or, if there is a commercial discovery, that such reserves will be realisable. In addition, drilling operations involve a number of risks, many of which are beyond the control of the Company, which may delay or adversely impact the projects which the Company may have acquired or which the Company may have invested. These include mechanical failures or delay, adverse weather conditions and governmental regulations or delays. These delays and potential impacts could result in a project's activities being damaged, delayed or abandoned and substantial losses could be incurred.



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LONGBOAT JAPEX NORGE AS

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Mitigation: The Company's drilling program carries a range of differing technical and commercial risks. Operational drilling and HSE risks will be managed by the Company through its intended dedicated HSE personnel, Business Management System, third parties and other third-party operators. The Company maintains a program of insurance to cover such exposure up to recognised industry limits, but should an incident occur of a magnitude in excess of such limits, the Company would be fully exposed to the financial consequences.

Area: Fiscal and other risks derived from government involvement in the oil and gas industry

Description: Any government action such as a change in oil or gas pricing policy (including royalties), exploration and development policy, or taxation rules or practice, or renegotiation or nullification of existing concession contracts, could have a material effect on the Company.

Mitigation: The Company operates in a jurisdiction where the taxation rule has been stable and with a sophisticated tax authority capable of assessing any adverse impact of any change in legislation before it is enacted.

Area: Availability of Debt finance

Description: The Company uses its Exploration Financing Facility ("EFF"), provided by certain lending banks, to prefinance the Norwegian Government's tax loss rebate and to reduce the amount of working capital the Company needs to hold on its balance sheet. The Exploration Financing Facility currently has an aggregate commitment limit of NOK800 million with a drawdown period until the end of 2024.

Mitigation: The dwindling number of banks prepared to lend to the oil and gas industry is challenging, the Company maintains strong banking relationships with its lenders.

Area: Access to Capital

Description: The Company's business is capital intensive, and its projects may be subject to delays or cost overruns, or increased scope and assets may move into the development stage. Moreover, any new acquisitions will require further equity capital and new debt facilities. In any of these circumstances the Company will require additional financing from shareholders or debt markets and the availability of such financing is subject not only to market conditions but also a continued willingness of banks to finance oil and gas companies in an increasingly hostile political and social environment.

Mitigation: The Company will endeavor to invest in and acquire assets which meet its environmental and emissions criteria with a view to building a sustainable business that will continue to attract capital.

Area: Volatility of commodity prices

Description: The supply, demand and prices for commodities are volatile and are influenced by factors beyond the Company's control. With increased pressure to reduce GHG emissions by replacing fossil fuel energy generation with zero emission energy generation it is possible that peak demand for oil will be reached, and oil price will be adversely impacted as and when this happens. A significant prolonged decline in commodity prices could impact the viability of some or all of the exploration, development and producing projects which the Company may propose to acquire.

Conversely extremely high oil and gas prices heighten certain risks to the Company namely: the impact on the economy, political and thereby fiscal backlash, even greater competition for assets and the challenge of matching buyer and seller expectations. In the near term, the impact of the invasion of Ukraine has exacerbated these effects particularly for potential vendors with assets in Russia who may now retain assets previously slated for disposal.

Mitigation: Where and when appropriate the Company will put in place suitable hedging arrangements, in accordance with its hedging policy, to mitigate the risk of a fall in commodity prices but such arrangements will only cover the relatively short term, leaving the Company exposed to any longer-term decline in commodity prices, and in addition some of the hedging arrangements entered into by the Company also carry inherent delivery risks

Area: The Company may face significant competition for acquisition opportunities

Description: There is significant competition from entities which possess greater technical, financial, human and other resources. Such competition may cause the Company to be unsuccessful in executing an acquisition or may result in a successful acquisition being made at a significantly higher price than would otherwise have been the case.

Mitigation: It is not possible to mitigate competition for quality assets, however, the Company seeks to reduce competitive risk by targeting assets where it has a specific knowledge or would likely be a preferred partner.



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LONGBOAT JAPEX NORGE AS

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Area: Reliance on key personnel

Description: The success of the Company, including its ability to identify and complete potential acquisitions, will be dependent on the services of key management and operating personnel, including both its existing Directors and individuals who have yet to be identified. If the Company fails to recruit or retain the necessary personnel, or if the Company loses the services of any of its key executives, its business could be materially and adversely affected.

Mitigation: In order to mitigate this risk, the Company has to offer competitive remuneration and retention packages to incentivise loyalty and good performance from its staff. There can be no mitigation against loss of key personnel resulting from any major accident or other loss of physical wellbeing. The Company is capable of receiving long-term or ad-hoc support from the shareholders on a required basis.

Area: Functioning M&A market

Description: The extreme movement in oil and gas prices triggered by the invasion of Ukraine will likely impact the M&A market and vendors may defer assets disposal programmes pending a more stable market.

Mitigation: The Company will continue to pursue its acquisition strategy and engage with vendors in the hope and expectation that the current crisis will abate.

Area: Foreign Exchange Rate Volatility

Description: The majority of the Company's expenditure is in Norwegian kroner and United States dollars and changes in currency values could have a material adverse effect on both the Company's financial position.

Mitigation: Whilst the Company may hedge against any specific currency exposure of scale, to date it has simply converted its cash to meet its budgeted currency exposure as and when the exchange rates are favorable and so is exposed to any material exchange rate movements

Area: Materiality

The Company is of a modest size by E&P standards which makes any substantive new acquisition or commitment very material in relation to both the size of the Company and its funding shareholders, notably Longboat Energy plc. There are a number of consequences to this, notably Longboat Energy plc's ability to raise material sums potentially disproportionate to its size.

Mitigation:

The transaction with JAPEX to create a new Norwegian joint venture provides some mitigation and is expected to finance investments qualifying with the Acquisition Finance Facility that was put in place.

Area: Going Concern

Longboat JAPEX currently has limited income in relation to the G&A required to fulfil its seem to duty in Norway and is reliant on its existing cash resources.

Mitigation

Longboat JAPEX relies on its two shareholders to provide additional capital, when necessary, to the extent they are willing and able to.



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LONGBOAT JAPEX NORGE AS

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Corporate and Social Responsibility Report

Introduction

The Company is committed to high standards of health, safety and environmental performance. The health and safety of people, the protection of the environment and compliance with all applicable legal and internal requirements as well as industry best practice, is critical to the overall success of the Company. The Directors have put in place a Business Management System (BMS) to provide both the framework and mechanism to manage health, safety and environmental risks as well as ensuring their continual improvement.

Business Principles Ethics

The Company is committed to maintaining high standards of corporate governance to ensure that it is managed with openness, honesty, and transparency. The Company is bound by the Longboat Energy group of companies (the 'Group') Business Principles and Ethics Policy, which can be found on Longboat Energy plc's website. This policy is key to the way we work both internally and externally.

The Company strives to meet the highest standards of integrity and ethics as it undertakes its activities. To ensure these values are core to the business, they are integrated within the BMS through policies, procedures and project plans.

The operations in Norway, which is amongst the most mature oil and gas jurisdictions in the world, require the Company to operate to very high regulatory standards for Environmental, Health and Safety legislation.

Environmental stewardship

Longboat JAPEX supports the goals of the Paris Agreement and the net zero emissions by 2050 targets. The Company recognize the combined challenge of meeting increasing energy demand driven by a growing global and more affluent population and the urgent need to reduce global carbon emissions. As such, the Company aims to take an active role in driving down carbon emissions from its activities as it develops, acquires further assets and supports the energy transition through playing an active role at a company and industry level to promote best practice in environmental stewardship. The Company will prioritize renewable energy sources in the powering of the non-operated licenses where possible.

The Company remains committed to reporting consistently and meeting its shareholders' needs for transparent environmental disclosure. As Company develops its portfolio it will continue to ensure it has high standards of environmental transparency and reporting relevant to the asset base. Longboat JAPEX will continue to monitor the evolution of environmental reporting standards and will seek to produce a separate sustainability report as its portfolio grows.

The Company plans to develop its business so that it has a sustainable strategy as an oil company providing safe and responsible energy at a low cost with low emissions.



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LONGBOAT JAPEX NORGE AS

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Greenhouse gas (GHG) emissions

The Company reports its equity share of Scope 1 emissions from exploration drilling and an estimate of its Scope 2 emissions of GHGs, in line with SASB standards as part of its annual HSE monitoring program. GHG emissions are reported annually to the Norwegian Environment Agency. During 2023 Longboat JAPEX drilled the Velocette exploration well (2022: five exploration wells Ginny/Hermine, Kveikje & n'Roll, Cambozola, Copernicus and Oswig (and Oswig sidetrack)). Longboat JAPEX's equity share of Scope 1 Greenhouse gas emissions ("GHG") were 797.3 tonnes (2022: 4,023 tonnes) (CO₂, CO, N₂O, nm VOC, NO_x and Sox), of this 793.8 tonnes of the Scope 1 GHG emissions were CO₂ (2022: 3,975.9 Scope 1 emissions). It is the Company's intention to acquire additional oil and gas production and development assets and if successful, the Company will assess and manage the risks of its operations in order to improve its environmental performance on a continual basis. Environmental management is an integral part of the BMS and includes the following activities: environmental permits, identification of main environmental aspects, chemical assessments and substitution plans, environmental reporting, environmental surveys/studies and assessments and oil spill preparedness plans.

Environmental releases

The Company has a target of zero acute discharges to sea. Any spill, irrespective of size, is recorded and followed up internally and reported to the authorities. There were no spills in 2023 from the well that the Company had equity interests in (2022: nil).

People and Equal opportunities and discrimination

The Company is an equal opportunities employer and will recruit, employ and develop employees in line with best practice and based on the qualifications, experience and skills required for the work. We consider applications for employment from people regardless of gender, race, age, disability, marital status, sexual orientation or religious belief. We have respect for human dignity and the rights of the individual. We support the principles of, and promote respect for, the Universal Declaration of Human Rights.

Societal contribution

The Company intends to identify impactful community programs to be funded as part of the longer-term corporate social investment strategy. There is extensive reporting on the Parent Company's website of our statements and policies on issues available on the HSE and Governance section of our Group website including statements on: Anti-Bribery and corruption; Anti-facilitation of tax evasion; Human Rights; Modern Slavery Statement and Whistleblowing.

Statement of going concern

The Directors have completed the going concern assessment, including considering cash flow forecasts up to the end of 2024, sensitivities, and stress tests to assess whether the Company is a going concern. Having undertaken careful enquiry, the Directors are of the view the Company will need to access additional funds during 2024 in order to fund on-going operations and pursue growth opportunities. It is anticipated these funds will be sourced through asset disposals, farm downs, JAPEX Acquisition Financing Facility, further advances from its shareholders or combination of these actions. If this is not the case then the Company is forecast to have limited or no liquidity at the end of 2024, given continued drawing under the EFF during 2024. The financial statements for the year to 31 December 2023 have been prepared assuming the Company will continue as a going concern. In support of this, the directors believe the liquid nature of the asset market combined with support from its shareholders, adequate funds can be accessed if and when required. However, the ability to access funds is not guaranteed at the date of signing these financial statements. As a consequence, this funding requirement represents a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.



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LONGBOAT JAPEX NORGE AS

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Outlook

The focus of the Directors is the successful monetization of the discoveries that the Company has made and securing acquisitions that will deliver assets that are able to meet the Company's investment criteria (including near term cashflow) as well as providing an appropriate basis to build on the Company's objective to become a full-cycle E&P company.

Independent auditors

The Directors have reason to believe that BDO AS conducted an effective audit. The Directors have provided the auditors with full access to all of the books and records of the Company. BDO AS has expressed its willingness to continue to act as auditors to the Company and a resolution for its re-appointment will be proposed at the next Company meeting.

Stavanger 2 April 2024

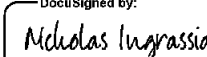

H.A. Hammer
Chairman

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Deputy Chairman

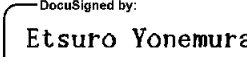
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Board Member

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A. Kato
Board Member

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E. Yonemura
Board Member



BDO AS
Luramyrveien 40
Postboks 1107
4391 Sandnes
Norway

Independent Auditor's Report

To the Annual Shareholders meeting of Longboat JAPEX Norge AS

Opinion

We have audited the financial statements of Longboat JAPEX Norge AS.

The financial statements comprise:

- The balance sheet as at 31 December 2023
- The income statement for 2023
- Statement of changes in equity
- Statement of cash flows for the year that ended 31 December 2023
- Notes to the financial statements, including a summary of significant accounting policies

In our opinion:

- The financial statements comply with applicable statutory requirements, and
- The financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty regarding the Company's ability to continue as a going concern

We draw attention to note 1.4 and in the Board of Director's report, which indicates that the Company will need to access to additional funds during 2024 in order to fund on-going operations and pursue growth opportunities. As stated in note 1.4, these events or conditions, along with other matters as set forth in note 1.4, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The Board of Directors and the Managing Director (management) is responsible for the other information. The other information comprises the Board of Directors' report. Our opinion on the financial statements does not cover the other information.

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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on the Board of Director's report

Based on our knowledge obtained in the audit, in our opinion the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines 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, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to:

<https://revisorforeningen.no/revisjonsberetninger>

BDO AS

Stig Andre Fjelldahl
State Authorised Public Accountant
(This document is signed electronically)



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Stig André Fjell Dahl

Partner

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LONGBOAT JAPEX NORGE AS

STATEMENT OF COMPREHENSIVE LOSS FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 NOK	2022 NOK
Other operating income		8,105,383	1,311,737
Administrative expenses	4,5	(57,258,573)	(36,804,103)
Share based compensation		(2,178,010)	(1,773,103)
Depreciation		(1,676,322)	(1,540,282)
Operating loss		(53,007,522)	(38,805,751)
Finance income	6	15,258,738	1,287,530
Finance costs	7	(42,328,406)	(20,258,882)
Foreign exchange gain/(loss)		(4,013,440)	6,477,601
Exploration expense	8	(365,513,741)	(508,636,557)
Loss before taxation		(449,604,371)	(559,936,059)
Income tax credit	9	308,102,984	402,044,949
Loss for the year		(141,501,387)	(157,891,110)
Loss per share	10	(28.38)	(46.44)



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LONGBOAT ENERGY NORGE AS

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2023

COMPANY	Notes	2023 NOK	2022 NOK
Non-current assets			
Exploration and evaluation assets	11	317,639,744	414,653,348
Property, plant and equipment	12	504,272	614,859
Right of use asset	12	4,222,617	5,306,245
		<u>322,366,633</u>	<u>420,574,451</u>
Current assets			
Cash and cash equivalents	13	106,131,144	94,049,691
Inventories	14	123,616	1,463,937
Trade and other receivables	15	38,179,577	11,544,495
Current tax recoverable	16	227,925,989	483,367,815
		<u>372,360,326</u>	<u>590,425,938</u>
Total assets		<u>694,726,959</u>	<u>1,011,000,389</u>
Current liabilities			
Trade and other payables	17	57,617,756	60,093,114
Lease liabilities	18	1,577,621	1,454,211
Exploration Finance Facility and bank borrowings	17	210,000,000	436,000,000
		<u>269,195,377</u>	<u>497,547,325</u>
Net current assets		<u>103,164,948</u>	<u>92,878,613</u>
Non-current liabilities			
Trade and other Payables	17	4,474,802	44,144,750
Lease liabilities	18	3,163,433	4,352,346
Deferred tax liabilities	19	226,430,358	305,246,966
		<u>234,068,593</u>	<u>353,744,062</u>
Total liabilities		<u>503,263,970</u>	<u>851,291,387</u>
Net assets		<u>191,462,989</u>	<u>159,709,002</u>
Equity			
Called up share capital	20	6,786,430	3,400,000
Share premium account	21	522,119,744	352,250,800
Retained earnings		(337,443,185)	(195,941,798)
Total equity		<u>191,462,989</u>	<u>159,709,002</u>
Total equity and liabilities		<u>694,726,959</u>	<u>1,011,000,389</u>



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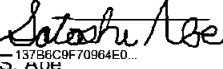
STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2023

The financial statements were approved by the board of directors and authorised for issue on 2 April 2024 and are signed on its behalf by:

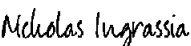
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Chairman

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Deputy Chairman

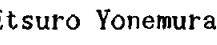
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Board Member

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N. A Ingrassia
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Board Member

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E. YONEMURA
Board Member



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LONGBOAT ENERGY NORGE AS

**STATEMENT OF CHANGE IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Share Capital NOK	Share Premium Account NOK	Retained earnings NOK	Total NOK
COMPANY	3,400,000	352,250,800	(38,050,688)	317,600,112
Balance at 1 January 2022				
Year ended 31 December 2022				
Loss for the year	-	-	(157,891,110)	(157,891,110)
Other comprehensive income	-	-	-	-
Issue of share capital	-	-	-	-
Credit to equity for equity settled	-	-	-	-
Share-based payments	-	-	-	-
Costs of share issue	-	-	-	-
Balance at 31 December 2022	3,400,000	352,250,800	(195,941,798)	159,709,002
Year ended 31 December 2023				
Loss for the year	-	-	(141,501,387)	(141,501,387)
Other comprehensive expense	-	-	-	-
Credit to equity for equity settled	-	-	-	-
share-based payments	3,386,430	169,868,944	-	173,255,374
Issue of share capital	6,786,430	522,119,744	(337,443,185)	191,462,989
Balance at 31 December 2023				



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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

COMPANY	2023 NOK	2022 NOK
Loss for the year after tax	(141,501,387)	(157,891,110)
Taxation credit	(308,102,983)	(402,044,949)
Finance costs	(1,463,369)	2,433,335
Interest payable	33,333,515	11,118,072
Interest receivable	(15,258,738)	(1,287,530)
Depreciation and impairment of property, plant and equipment	194,829	156,044
Other gains and losses	357,808,642	508,636,557
Increase in inventories	1,340,322	(356,658)
Increase in trade and other receivables	(8,769,994)	(3,953,134)
ROU asset	1,481,493	1,570,691
Decrease in trade and other payables	11,007,176	159,882
Increase in amounts due to related parties	(2,230,911)	20,467,511
Corporate tax received	484,728,200	97,272,018
Share based payment expense	2,178,010	(2,023,111)
EFF commitment fee	4,071,222	4,040,388
Foreign exchange	(2,003,225)	1,148,221
Net cash outflow from operating activities	416,812,802	79,446,227
Investing activities		
Purchase of exploration and evaluation assets	(288,322,085)	(634,453,883)
Purchase of property, plant and equipment	(84,242)	(651,191)
Interest received	15,258,738	1,287,530
Net cash (used in)/generated from investing activities	(273,147,589)	(633,817,545)
Financing activities		
Proceeds from issue of shares	173,255,374	-
Interest paid	(33,333,515)	(11,118,072)
Loan facility fees	(4,071,222)	(4,040,388)
Repayment of related party loan	(38,786,530)	-
Receipt of loan	(228,250,000)	436,000,000
Payment of lease	(397,867)	-
Net cash generated from/(used in) financing activities	(131,583,760)	420,841,540
Net increase/(decrease) in cash and cash equivalents	12,081,453	(133,529,778)
Cash and cash equivalents at beginning of year	94,049,691	227,579,469
Cash and cash equivalents at end of year	106,131,144	94,049,691
Relating to:		
Bank balances and short term deposits	106,131,144	94,049,691



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LONGBOAT ENERGY NORGE AS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1. Accounting policies

Company information

Longboat Energy Norge AS is a private limited company, limited by shares incorporated in Norway. The registered office is Strandkaaien 36, Stavanger 4005, Norway. The company's principal activities and nature of its operations are disclosed in the directors' report.

1.1. Accounting convention

As required by the European Union's IAS Regulation and the Norwegian Accounting Act, the Company has prepared its financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). References to IFRS hereafter should be construed as references to IFRS as adopted by the EU. The accounting policies applied are consistent with those applied in the previous financial year, except for the implementation of new and revised accounting standards and interpretations, and other changes, as described below.

The financial statements are prepared in Norwegian kroner, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest NOK.

The financial statements have been prepared under the historical cost convention.

1.2. Foreign currency

The functional currency of the Company is Norwegian Kroner. Transactions in foreign currencies during the year are recorded in the functional currency at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities are translated at the rate ruling on the Balance Sheet date and any gains and losses on translation are reflected in the Income Statement.

1.3. Joint arrangements

Judgement is required to determine when the Company has joint control over an arrangement, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. The Company has determined that the relevant activities for its joint arrangements are those relating to the operating and capital decisions of the arrangement, including the approval of the annual capital and operating expenditure work programme and budget for the joint arrangement, and the approval of chosen service providers for any major capital expenditure as required by the joint operating agreements applicable to the entity's joint arrangements. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries, as set out in Note 2. Judgement is also required to classify a joint arrangement. Classifying the arrangement requires the Company to assess their rights and obligations arising from the arrangement. Specifically, the Company considers:

- the structure of the joint arrangement; whether it is structured through a separate vehicle;
- when the arrangement is structured through a separate vehicle, the Company also considers the rights and obligations arising therefrom;
- the legal form of the separate vehicle; the terms of the contractual arrangement, or other facts and circumstances, considered on a case-by-case basis.

This assessment often requires significant judgement. A different conclusion about both joint control and whether the arrangement is a joint operation or a joint venture, may materially impact the accounting.

A Joint Operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangements.

In relation to its interests in joint operations, the Company recognises its:

- assets, including its share of any assets held jointly;
- liabilities, including its share of any liabilities incurred jointly;
- revenue from the sale of its share of the output arising from the joint operation;
- share of the revenue from the sale of the output by the joint operation; and
- expenses, including its share of any expenses incurred jointly.



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LONGBOAT ENERGY NORGE AS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1.4. Going concern

The Directors have completed the going concern assessment, including considering cash flow forecasts up to the end of 2025, sensitivities, and stress tests to assess whether the Company is a going concern. Having undertaken careful enquiry, the Directors are of the view the Company will need to access additional funds during 2024 in order to fund on-going operations and pursue growth opportunities. It is anticipated these funds will be sourced through asset disposals, farm downs, JAPEX Acquisition Financing Facility for a qualifying acquisition, further advances from its shareholders or combination of these actions.

The financial statements for the year to 31 December 2023 have been prepared assuming the Company will continue as a going concern. In support of this, the Directors believe the liquid nature of the Norwegian asset market combined with shareholder support, adequate funds can be accessed if and when required. However, the ability to access funds is not guaranteed at the date of signing these financial statements. As a consequence, this funding requirement represents a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

1.5. Oil and Gas Assets

Capitalisation

Pre-acquisition costs on oil and gas assets are recognised in the Income Statement when incurred. Costs incurred after rights to explore have been obtained, such as geological and geophysical surveys, drilling and commercial appraisal costs and other directly attributable costs of exploration and appraisal including technical and administrative costs are capitalised as intangible exploration and evaluation ("E&E") assets. The assessment of what constitutes an individual E&E asset is based on technical criteria but essentially either a single licence area or contiguous licence areas with consistent geological features are designated as individual E&E assets.

E&E costs are not amortised prior to the conclusion of appraisal activities. Once active exploration is completed the asset is assessed for impairment. If commercial reserves are discovered then the carrying value of the E&E asset is reclassified as a development and production ("D&P") asset, following development sanction, but only after the carrying value is assessed for impairment and where appropriate the carrying value adjusted. If commercial reserves are not discovered the E&E asset is written off to the Income Statement.

Oil and gas assets include rights in respect of unproved properties. Property, plant and equipment, including expenditure on major inspections, and intangible assets are initially recognised in the Balance Sheet at cost where it is probable that they will generate future economic benefits. This includes capitalisation of decommissioning and restoration costs associated with provisions for asset retirement.

Property, plant and equipment and intangible assets are subsequently carried at cost less accumulated depreciation, depletion and amortisation (including any impairment). Gains and losses on disposals are determined by comparing the proceeds with the carrying amounts of assets sold and are recognised in income, within interest and other income.

1.6. License and Property Acquisition Costs

Exploration licence costs are capitalised in intangible assets. Licence and property acquisition costs are reviewed at each reporting date to confirm that there is no indication that the carrying amount exceeds the recoverable amount. This review includes confirming that exploration drilling is still under way or firmly planned, or that work is under way to determine that the discovery is economically viable. If no future activity is planned or the licence has been relinquished or has expired, the carrying value of the licence and property acquisition costs are written off through the statement of profit or loss and other comprehensive income. Upon recognition of proved reserves and internal approval for development, the relevant expenditure is transferred to oil and gas properties.



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LONGBOAT ENERGY NORGE AS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1.7. Development Costs

Expenditure on the construction, installation, or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells is capitalised within property, plant and equipment.

1.8. Impairment of intangible assets

Impairment of intangible assets is assessed when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The facts and circumstances used are in accordance with those dictated by IFRS 6 and if any of those circumstances are present then an impairment test is performed in accordance with IAS 36 and any loss recognised. An exploratory well in progress at period end which is determined to be unsuccessful subsequent to the balance sheet date based on substantive evidence obtained during the drilling process in that subsequent period is treated as a non-adjusting subsequent event.

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term liquid investments with original maturities of three months or less.

1.10 Business combinations

Business combinations are accounted for using the acquisition method under IFRS 3. The cost of an acquisition is measured at fair value, which shall be calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer. For each business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses. The Company determines that it has acquired a business when the acquired set of activities and assets include an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

1.11 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

Impairment of financial assets

Financial assets are assessed for impairment at each reporting end date.



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LONGBOAT ENERGY NORGE AS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1.12 Financial liabilities

The Company recognises financial debt when the Company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The current tax payable/receivable is based on taxable profit/loss for the year. Taxable profit/loss differs from net profit/loss as reported in the income statement 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. The Company's receivable for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

The Company benefits from tax legislation in Norway which allows tax to be reclaimed on specific tax loss for the year. This allows the Company to recognise a tax receivable.

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 and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.



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LONGBOAT ENERGY NORGE AS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1.16 Leases

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the Company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the Company's estimate of the amount expected to be payable under a residual value guarantee; or the Company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

1.17 Reserves

Share capital

Share capital represents the nominal value of shares issued less the nominal value of shares repurchased and cancelled.

Share premium

This reserve represents the difference between the issue price and the nominal value of shares at the date of issue, net of related issue costs and share premium cancelled.

Retained earnings

Net revenue profits and losses of the Group which are revenue in nature are dealt with in this reserve.



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LONGBOAT ENERGY NORGE AS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2 Adoption of new and revised standards and changes in accounting policies

In the current year, the following new and revised Standards and Interpretations have been adopted by the Company. None of these new and revised Standards and Interpretations had an effect on the current period or a prior period but may have an effect on future periods:

		Effective from:
IFRS 17	Insurance contracts	1 January 2023
IAS 1 and IFRS Practice Statement 2 (Amendments)	Disclosure of accounting policies	1 January 2023
IAS 8 (Amendments)	Definition of accounting estimates	1 January 2023
IAS 12 (Amendments)	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023

Standards which are in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not yet been applied in these financial statements, were in issue but not yet effective:

		Effective from:
IFRS 16 (Amendment)	Liability in a Sale and Leaseback	1 January 2024
IAS 1 (Amendment)	Classification of liabilities as current or non-current – deferral of effective date	1 January 2024
IAS 1 (Amendment)	Non-current Liabilities with covenants	1 January 2024
IAS 7 (Amendment)	Supplier Finance Arrangements	1 January 2024
IAS 21 (Amendment)	Lack of Exchangeability	1 January 2025

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company aside from additional disclosures.

The Company plans to adopt the above standards when from the effective dates noted in the table above.



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LONGBOAT ENERGY NORGE AS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

3 Critical accounting estimates and judgements

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Exploration and evaluation assets (note 8 and 11)

Judgement is required to determine whether impairment indicators exist in respect of the Company's exploration assets recognised in the statement of financial position. The Company has to take into consideration whether the assets have suffered any impairment, taking into consideration the results of the drilling to date, and the likelihood of reserves being found. The Company relies upon information from third parties to take these decisions, and can be subject to change, if future information becomes available. As at 31 December 2023 the Company determined that impairment of NOK 365 million was required in respect of the exploration licences detailed in note 8 and 11.

4 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	2023 Number	2022 Number
Executive Directors	1	1
Non-executive Directors	5	1
Staff	11	10
Total	17	12

Their aggregate remuneration comprised:

	2023 NOK	2022 NOK
Wages and salaries	18,451,453	19,346,768
Social security costs	4,578,683	3,129,103
Pension costs	2,699,045	2,235,145
	25,729,181	24,711,016



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LONGBOAT ENERGY NORGE AS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

4 Employees (continued)

The remuneration of managing director is shown below:

	Salary	Pension	Other	Total
Managing director	2,815,303	319,050	23,563	3,157,915

The Managing Director is participating in the company bonus scheme where the final amount is decided by the board of directors on an annual basis. In addition, the managing director is also entitled to participate in the Longboat Energy plc Long Term Incentive Plan.

5 Auditor's remuneration

	2023 NOK	2022 NOK
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	279,925	217,093

6 Finance income

	2023 NOK	2022 NOK
Interest income		
Bank deposits	<u>15,258,738</u>	<u>1,287,530</u>

7 Finance costs

	2023 NOK	2022 NOK
Interest on intercompany loans	1,570,722	2,480,633
Interest and fees on long term loans	39,487,603	16,865,155
Interest relating to JVB	902,689	726,641
Interest on ROU asset	340,425	186,454
Other interest and charges	26,967	-
	<u>42,328,406</u>	<u>20,258,882</u>

In 2021 the Company entered into a rolling exploration funding facility with 1 SR-Bank ASA and ING Bank N.V. in Norway to allow funding for exploration activities to take place. The loan interest charged on drawings under the facility is a margin of 2.50% p.a. plus NIBOR. For the undrawn loan amount, a commitment fee equal to 40% of the margin is charged. On 9 January 2023 a new exploration funding facility agreement was signed, see note 17 for further details.



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LONGBOAT ENERGY NORGE AS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

8 Exploration and evaluation expenses

	2023 NOK	2022 NOK
Amounts written off on exploration activity	<u>(365,513,741)</u>	<u>(508,636,557)</u>

During the year, on completion of committed exploration activity, the Directors have evaluated the potential future cashflows from each licence. If drilling was completed, no commercial reserves discovered and no further prospectivity identified, then the license was deemed to be fully impaired. For licenses where further appraisal would be required to confirm possible further prospectivity, a judgement has been made, based on operator/partnership interest in further appraisal, and on the likely outcome of possible appraisal/development activity, to assess whether the license should be written off. On conclusion of this assessment the Directors have concluded it is appropriate to write off the value of the wells and associated licence costs for PL939 Egyptian Vulture and PL1016 Velocette.

Further information in respect of subsequent events can be found in note 24.

9 Income tax (credit)/expense

	2023 NOK	2022 NOK
Current tax		
Foreign tax on losses for the current period	<u>(229,286,375)</u>	<u>(483,367,613)</u>
Deferred tax		
Origination and reversal of temporary differences	<u>(78,816,609)</u>	<u>81,322,664</u>
Total tax (credit)	<u>(308,102,984)</u>	<u>(402,044,949)</u>



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LONGBOAT ENERGY NORGE AS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

9 Income tax (credit)/expense (continued)

The charge for the year can be reconciled to the loss per the income statement as follows:

	2023 NOK	2022 NOK
Current tax		
Loss before taxation and finance	(418,521,263)	(547,407,013)
Capitalised exploration costs	97,013,603	(128,415,278)
Share option expense	2,485,110	2,023,111
Depreciation expense	38,393	(16,472)
Right of use asset	(322,301)	17,323
Finance expenses	(31,083,107)	(13,087,823)
Prepaid financial expense	(1,909,575)	2,552,704
Permanent differences	6,600	584,102
Basis for special tax at 71.8%(2022:56%)	(319,320,434)	(673,214,226)
Basis for special tax at 22%	0	201
Current tax total	(229,272,072)	(483,367,613)
Adjustment from prior year	(14,303)	201
Total current tax	(229,286,375)	(483,768,815)
Deferred tax		
Capitalised exploration costs	(97,013,603)	128,415,278
Share options expense	(2,485,110)	(2,023,111)
Depreciation expense	(38,393)	16,472
Right of use asset	322,301	(17,323)
Right of use liability	(340,425)	(219,368)
Prepaid financial expense	2,250,000	(2,333,335)
Basis for special tax at 71.8% (2022:56%)	(99,214,805)	126,391,316
Basis for special tax at 6.2% (2022:22%)	(129,040,074)	(142,681,837)
Total deferred tax	(78,816,608)	81,341,096
Adjustment from prior year	-	(18,432)
Total tax credit	(308,102,984)	(402,446,150)

Deferred tax assets, including those arising from temporary differences, are recognised only when it is considered more likely than not that they will be recovered, which is dependent on the generation of future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised. The current tax (rebate) of NOK 228 million represents what will be paid out during 2024 according to Norwegian Tax Legislation. The deferred tax charge represents mainly the tax portion on capitalised intangibles being deductible for tax purposes.



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LONGBOAT ENERGY NORGE AS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

10 Loss per share

	2023 NOK	2022 NOK
Number of shares		
Weighted average number of ordinary shares for basic loss per share	4,986,519	3,400,000
Losses		
Losses for basic and diluted earnings per share being net loss attributable to equity shareholders of the Company for continued operations	(141,501,387)	(157,891,110)
Basic and diluted loss per share (expressed in NOK)		
From continuing operations	(28.38)	(46.44)

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

Diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares. In 2023 there were no share options or awards held over the Company's shares (2022:nil).

11 Exploration and evaluation assets

GROUP	2023 NOK	2022 NOK
Cost		
At 1 January	414,653,348	286,238,070
Additions – purchased	777,136,694	637,051,835
Exploration write-off	(874,150,298)	(508,636,557)
At 31 December	317,639,744	414,653,348
Carrying amount		
At 31 December	317,639,744	414,653,348

On 11 January 2023, the Company was awarded 3 licenses under the Norwegian APA.

Details of licence write-offs in the year can be found in Note 8.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

12 Property, plant and equipment

	Right of use assets NOK	Fixtures and fittings NOK	Computers NOK	Total NOK
Cost				
At 1 January 2022	6,921,189	39,855	108,193	7,069,237
Additions	-	488,203	162,988	651,191
At 31 December 2022	6,921,189	528,058	271,181	7,720,428
Additions	397,865	-	84,242	482,107
At 31 December 2023	7,319,054	528,058	355,423	8,202,535
Accumulated depreciations and impairment				
At 1 January 2022	230,706	1,993	26,343	259,042
Charge for the year	1,384,238	82,524	73,519	1,540,281
At 31 December 2022	1,614,944	84,517	99,862	1,799,323
Charge for the year	1,481,493	105,613	89,217	1,676,323
At 31 December 2023	3,096,437	190,130	189,079	3,475,646
Carrying amounts				
At 31 December 2023	4,222,617	337,928	166,344	4,726,889
At 31 December 2022	5,306,245	443,541	171,319	5,921,104

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over the lives on the follow bases:

Expected and Actual Rates:

Fixtures and fittings	5 years (20% straight line)
Computers	3 years (33.33% straight line)

13 Cash and cash equivalents

	2023 NOK	2022 NOK
Current account	50,794	8,990,798
NOK account	90,771,156	70,051,947
Restricted funds related to employee tax	4,401,255	2,108,920
SR bank – Current account	4,218,704	1,434,360
Euro account	1,070	615
USD account	4,089,200	10,290,735
GBP account	1,396,638	5,940
NOK account 2	1,202,327	1,166,377
	106,131,144	94,049,691



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14 Inventories

GROUP	2023 NOK	2022 NOK
Materials and supplies	123,616	1,463,937

Closing inventories are equal to their net realisable value.

15 Trade and other receivables

	2023 NOK	2022 NOK
Trade receivables	295,088	1,425,553
VAT recoverable	7,285,559	862,075
Intercompany receivables	-	883,418
Receivable from JV parents	4,869,658	
Overcall (JV)	11,482,706	-
Prepayments	14,246,566	8,373,449
	38,179,577	11,544,496

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

16 Current tax recoverable

	2023 NOK	2022 NOK
Current tax receivables	227,925,989	483,367,815



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

17 Trade and other payables and financial liabilities

	2023 NOK	2022 NOK
Non-current payables and financial liabilities		
Amount owed to parent undertaking	4,474,802	44,144,750
Current payables and current financial liabilities		
Trade payables	33,073,219	35,228,334
Payables to JV parents	3,641,674	
Accruals	9,129,113	7,533,008
Accruals (JV)	7,163,520	4,478,427
Social security and other taxation	4,610,230	2,465,563
Other payables	-	-
Undercall (JV)	-	8,293,294
Trade and other payables	<u>57,617,756</u>	<u>60,093,114</u>
Exploration Financing Facility	<u>210,000,000</u>	<u>436,000,000</u>
Short term bank borrowing	<u>210,000,000</u>	<u>436,000,000</u>

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

Exploration Financing Facility (EFF)

On 9 January 2023 an extension to the facility agreement was signed, with aggregate commitment of NOK 800 million (approximately £67.5 million), drawdowns allowable until December 2024, repayment of final drawdowns due by November 2025.

Drawdowns can be made under the facility up to a balance equal to approximately 68% of the total exploration and G&A spend for the period. On receipt of the 71.8% tax refund on exploration activity and G&A costs, received in November following the year of expenditure, the related drawdowns must be repaid in full.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

18 Lease liabilities

The Company has a lease for its Stavanger office which was signed in September 2021. The Company's obligations under its leases are secured by the lessor's title to the leased assets.

Set out below are the carrying value of lease liabilities and the movements.

	2023 NOK	2022 NOK
At 1 January	5,806,557	6,954,103
Additions	415,831	-
Interest	340,914	186,454
Payments made	(1,822,248)	(1,334,000)
At 31 December	<u>4,741,054</u>	<u>5,806,557</u>
Within one year	1,577,621	1,454,211
In two to five years	<u>3,163,433</u>	<u>4,352,346</u>
	<u>4,741,054</u>	<u>5,806,557</u>

19 Deferred taxation

The following are the deferred tax liabilities and assets recognised and movements thereon during the current and prior reporting period. These primarily arise on exploration activities.

	ACAs NOK
Deferred tax balance at 1 January 2022	223,924,302
Deferred tax movements in prior year	
Differences in tax basis for offset of tax losses in Norway	<u>81,322,664</u>
Deferred tax liability at 31 December 2022	305,246,966
Deferred tax movements in current year	
Differences in tax basis for offset of tax losses in Norway	<u>(78,816,608)</u>
Deferred tax liability at 31 December 2023	<u>226,430,358</u>

Deferred tax assets and liabilities are offset in the financial statements only where the company has a legally enforceable right to do so. The Company has tax losses that are available indefinitely for offsetting against future taxable profits. These tax losses have not been recognised as a deferred tax asset on the basis that there are yet no future taxable profits available within the company which will allow it to be offset. The value of the tax loss carry forward as per 31 December 2023 is NOK 71.1 million (2022: NOK 44.0 million).



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

20 Share Capital

	2023 Number	2022 Number	2023 NOK	2022 NOK
Ordinary share capital Issued and fully paid				
Shares at NOK 1 each	6,786,430	3,400,000	6,786,430	3,400,000

21 Share premium account

	2023 NOK	2022 NOK
At 1 January	352,250,800	352,250,800
Issues of new shares	169,868,944	-
At 31 December	<u>522,119,744</u>	<u>352,250,800</u>

22 Financial risk management

The Company is exposed to financial risks through its various business activities. In particular, changes in interest rates and exchange rates can have an effect on the capital and financial situation of the Company. In addition, the Company is subject to credit risks.

The Company has adopted internal guidelines, which concern risk control processes and which regulate the use of financial instruments and thus provide a clear separation of the roles relating to operational financial activities, their implementation and accounting, and the auditing of financial instruments. The guidelines on which the Company's risk management processes are based are designed to ensure that the risks are identified and analysed across the Company. They also aim for a suitable limitation and control of the risks involved, as well as their monitoring.

The Company controls and monitors these risks primarily through its operational business and financing activities.

Credit Risks

The credit risk describes the risk from an economic loss that arises because a contracting party fails to fulfil their contractual payment obligations. The credit risk includes both the immediate default risk and the risk of credit deterioration, connected with the risk of the concentration of individual risks. For the Company, credit and default risks are concentrated in the financial institutions in which it places cash deposits.

The Company's policy is to place its cash with banks with an appropriate credit rating in accordance with the Company's Treasury Risk Management Policy.

Notwithstanding existing collateral, the amount of financial assets indicates the maximum default risk in the event that counterparties are unable to meet their contractual payment obligations. The maximum credit default risk amounted to NOK 111,295,890 (2022: NOK 95,475,244) at the balance sheet date, of which NOK 106,131,144 (2022: NOK 94,049,691) was cash on deposit at banks.

Liquidity Risks

Liquidity risk is defined as the risk that a company may not be able to fulfil its financial obligations. The Company manages its liquidity by maintaining cash and cash equivalents sufficient to meet its expected cash requirements. The Company has highlighted a material uncertainty around its liquidity in the audit report and the going concern note.

At 31 December 2023, the Company had cash on deposit of NOK 106,131,144 (2022: NOK 94,049,691).



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

22 Financial risk management (continued)

Market Risks

Interest Rate Risks

Interest rate risks exist due to potential changes in market interest rates and can lead to a change in the fair value of fixed-interest bearing instruments, and to fluctuations in interest payment for variable interest rate financial instruments.

The Company is exposed to Interest rate risks through the Exploration Facility. The table below shows the impact in NOK on pre-tax profit and loss of a 10% increase/decrease in the interest rates, holding all other variables constant.:

	2023	2022
Interest rate increase/decrease by 10%	1,987,060	973,101

The Company is exposed to interest rate risks on cash held on deposit at banks. Interest income for the year to 31 December 2023 was NOK 15,258,737 (2022: 1,287,530). These accounts are maintained for liquidity rather than investment, and the interest rate risk on deposits is not considered material to the Company.

Currency risks

The Company operates in Norway, incurs expenses in Sterling, Euros, United States dollars and Norwegian kroner ("NOK"), and holds cash in Sterling, Euros, US dollars and NOK. The Company incurs some expenditure in foreign currency when the investment policy requires services to be obtained overseas. The foreign exchange risk on these costs is not considered material to the Company.

The Company's exposure to foreign currency risk at the end of the reporting period is summarised below. All amounts are presented in NOK equivalent.

	2023	2022
Cash and cash equivalents	5,486,908	10,297,289
Trade and other receivables	57,926,116	2,208,675
Trade and other payables including borrowings	(64,539,468)	(39,064)
Net exposure	<u>1,126,444</u>	<u>12,466,900</u>

Sensitivity analysis

As shown in the table above, the Company is exposed to changes in exchange rates through its balances held in non-NOK. The table below shows the impact in NOK on pre-tax profit and loss of a 10% increase/decrease in the exchange rates, holding all other variables constant.

	2023	2022
Exchange rate increases/decrease by 10%	120,522	1,246,006



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23 Retirement benefit schemes

	2023 NOK	2022 NOK
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>2,699,045</u>	<u>2,235,145</u>

24 Subsequent Events

The 17 January 2024 Longboat Energy announced the award of a new licences under the Norwegian 2023 APA Licensing Round (Awards in Predefined Areas): PL 1212 S Block 35/7 Magnolia (Company 20%).

On 1 February 2024 Longboat JAPEX Norge AS announced the completion of a farm down of two exploration licenses on the Norwegian Continental Shelf. Longboat JAPEX has farmed down its interest in PL1182S from 30% to 15% in return for a full carry of the Kjøttkake/Lotus exploration well, up to an agreed cap above the dry well budget. The well is expected to spud in Q3 2024. In PL1049 which contains the Jasmine and Sjøkreps prospects, Longboat JAPEX has farmed down its interest from 40% to 25% in return for Concedo carrying an element of the Company's 2024 exploration expenditure, which mainly consists of seismic costs and studies.

On 1 February 2024 Longboat JAPEX Norge AS announced the completion of the acquisition of a 4.80% unitised interest in the Staffjord Øst Unit and a 4.32% unitised interest in the Sygna Unit. The acquisition of the Staffjord Satellites has been funded by a combination of the investment by JAPEX into Longboat JAPEX, cash on hand and a drawing of approximately US\$15 million on the Acquisition Bridge Facility provided by JAPEX to the Joint Venture

The fair value of the identifiable assets and liabilities acquired in the Staffjord Øst Unit and Sygna Unit and are as follows:

	NOK
Assets	
Oil & Gas properties	282,545,301
Tax receivable	80,587,154
Guarantee	4,560,719
	367,693,174
Liabilities	
Working Capital	(16,022,153)
Deferred Tax Liability	(45,684,676)
Asset Retirement Obligation	(82,115,413)
	(143,822,242)
Identifiable net assets at fair value	223,870,932
Consideration	
Cash paid	223,870,632
Total consideration	223,870,932



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25 Related party transactions

	Income	Expense	Closing asset	Closing liability
Longboat Energy plc ¹	13,420,125	(14,659,801)	1,040,332	(3,095,250)
Longboat Energy (2A) Limited ¹	454,468		164,511	-
Japan Petroleum Exploration ¹	-	(1,959,777)	-	(546,424)
Directors ²	-	(3,157,915)	-	-
Non-executive directors ³	-	(5,579,665)	-	-

1. Income and expense related to the recharge of shared services between the Company and its parent companies and their wholly owned subsidiaries (as per agreement entered into upon establishment of the joint venture.

2. Salary payments to the Managing Director of the Company.

3. Expense relates to the salary payments to the non-executive directors which are paid by the Company and then recharged in full to Longboat Energy plc.

26 Controlling party

During the period from 1 Jan 2023 to 14 July 2023 the Company was a wholly owned subsidiary undertaking of Longboat Energy plc, the ultimate parent company, a company registered in England and Wales. A copy of these accounts is available <https://longboatenergy.com/presentations-reports/>.

On 14th July 2023 Longboat Energy Norge AS ("Norge") issued 3,386,430 new shares, representing 49.9% of the total share capital of Norge, to Japan Petroleum Exploration Co., Ltd ("JAPEX") creating a new joint venture called Longboat JAPEX Norge AS. Both Longboat Energy Plc and Japan Petroleum Exploration Co now hold equal voting rights over the Company. Both entities will equity account for the investment in their consolidated financial statements. A copy of Japan Petroleum Exploration Co accounts is available at News: IR (japex.co.jp)