Ithaca Energy Limited

Q2 22 FINANCIAL STATEMENTS

Unaudited Consolidated Statement of Income

For the three and six months ended 30 June 2022 and 2021

	Note	Three months ended 30 June		Six months ended 30 June	
		2022	2021	**2022**	2021
		US$'000	US$'000	**US$'000**	US$'000
Revenue	5	**617,542**	293,786	**1,362,228**	638,471
Operating costs		**(126,210)**	(101,913)	**(263,180)**	(204,251)
Royalties	6	**(2,806)**	(862)	**(5,361)**	(1,725)
Movement in oil and gas inventory		**(60,612)**	(32,698)	**(184,677)**	(47,841)
Depletion, depreciation and amortisation	13	**(150,827)**	(95,166)	**(295,857)**	(208,759)
Cost of sales		**(340,455)**	(230,639)	**(749,075)**	(462,576)
Gross Profit		**277,087**	63,147	**613,153**	175,895
Exploration and evaluation expenses	12	**(7,945)**	(127)	**(9,550)**	(156)
Impairment (charge)/reversal	16	**(7,608)**	173,801	**(7,608)**	173,801
(Loss)/ Gain on financial instruments	26	**(12,295)**	465	**(19,131)**	1,954
Administrative expenses	7	**(1,780)**	(3,991)	**(15,312)**	(9,041)
Net foreign exchange		**5,325**	1,975	**6,018**	1,016
Net finance costs	8	**(60,343)**	(45,237)	**(101,445)**	(100,159)
Negative goodwill	14	**662,000**	-	**1,262,938**	-
Reduction in deferred consideration		**-**	-	**-**	8,250
Profit Before Tax		**854,441**	190,033	**1,729,063**	251,560
Taxation	24	**(95,087)**	(85,745)	**(194,580)**	(111,337)
Profit After Tax		**759,354**	104,288	**1,534,483**	140,223

The results above are entirely derived from continuing operations.

The accompanying notes on pages 7 to 22 are an integral part of the financial statements.

Unaudited Consolidated Statement of Comprehensive Income

For the three and six months ended 30 June 2022 and 2021

		Three months ended 30 June		Six months ended 30 June	
		2022	2021	**2022**	2021
	Note	**US$'000**	US$'000	**US$'000**	US$'000
Profit for the period		**759,354**	104,288	**1,534,483**	140,223
Items that may be reclassified to profit and loss					
Fair value gain/(loss) on cash flow hedges	26	**189,916**	(162,766)	**(267,082)**	(274,196)
Deferred tax (credit)/charge on cash flow hedges	24	**(75,966)**	65,106	**106,833**	109,678
Other comprehensive profit/(loss)		**113,950**	(97,660)	**(160,249)**	(164,518)
Total comprehensive income/(expense)		**873,304**	6,628	**1,374,234**	(24,295)

The accompanying notes on pages 7 to 22 are an integral part of the financial statements.

Unaudited Consolidated Statement of Financial Position

	Note	30 June 2022 US$'000	31 December 2021 US$'000
ASSETS			
Current assets			
Cash and cash equivalents		**160,368**	44,849
Trade and other receivables	9	**348,731**	228,290
Decommissioning receivable	9	**94,640**	94,640
Deposits and prepaid expenses	10	**18,009**	10,536
Inventory	11	**138,855**	177,619
Derivative financial instruments	27	**18,609**	4,949
		779,211	560,883
Non-current assets			
Decommissioning receivable	9	**117,818**	152,184
Long-term inventory	11	**532**	532
Exploration and evaluation assets	12	**724,008**	116,355
Property, plant & equipment	13	**3,756,173**	2,958,733
Deferred tax assets	24	**1,500,346**	220,918
Derivative financial instruments	27	**3,235**	-
Goodwill	15	**783,848**	722,075
		6,885,960	4,170,797
Total assets		**7,665,171**	4,731,680
LIABILITIES AND EQUITY			
Current liabilities			
Borrowings	17	**(200,000)**	-
Trade and other payables	19	**(666,803)**	(468,644)
Decommissioning liabilities	20	**(94,640)**	(94,640)
Other current liabilities	21	**(66,387)**	(53,017)
Derivative financial instruments	27	**(652,737)**	(419,171)
Deferred and contingent consideration	21/22	**(28,644)**	-
		(1,709,211)	(1,035,473)
Non-current liabilities			
Borrowings	17	**(1,370,586)**	(954,616)
Decommissioning liabilities	20	**(1,598,791)**	(1,546,849)
Other long term liabilities	21	**(69,022)**	(6,082)
Derivative financial instruments	27	**(169,127)**	(39,971)
Deferred and contingent consideration	21/22	**(244,989)**	(19,480)
		(3,452,516)	(2,566,998)
Net assets		**2,503,444**	1,129,210
Shareholders' equity			
Share capital	23	**640,979**	640,979
Share premium	23	**609,098**	609,098
Cash flow hedge reserve		**(407,902)**	(247,653)
Retained earnings		**1,661,269**	126,786
Total equity		**2,503,444**	1,129,210

The financial statements were approved by the Board of Directors on 29 August 2022 and signed on its behalf by:

Director

The accompanying notes on pages 7 to 22 are an integral part of the financial statements.

Unaudited Consolidated Statement of Changes in Equity

	Share Capital	Share Premium	Cash Flow Hedge Reserve	Retained Earnings	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Balance, 1 Jan 2021	640,979	609,098	44,294	(333,415)	960,956
Profit for the period	-	-	-	140,223	140,223
Other comprehensive expense	-	-	(164,518)	-	(164,518)
Dividends paid	-	-	-	(15,000)	(15,000)
Balance, 30 June 2021	640,979	609,098	(120,224)	(208,192)	921,661
Balance, 1 Jan 2022	**640,979**	**609,098**	**(247,653)**	**126,786**	**1,129,210**
Profit for the period	**-**	**-**	-	**1,534,483**	**1,534,483**
Other comprehensive expense	**-**	**-**	**(160,249)**	**-**	**(160,249)**
Balance, 30 June 2022	**640,979**	**609,098**	**(407,902)**	**1,661,269**	**2,503,444**

The accompanying notes on pages 7 to 22 are an integral part of the financial statements.

Unaudited Consolidated Statement of Cash Flow

For the three and six months ended 30 June 2022 and 2021

		Three months ended 30 June		Six months ended 30 June	
		2022	2021	**2022**	2021
		US$'000	US$'000	**US$'000**	US$'000
CASH PROVIDED BY / (USED IN):					
Operating activities					
Profit Before Tax		**854,441**	190,033	**1,729,063**	251,560
Adjustments for:					
Depletion, depreciation and amortisation	13	**150,827**	95,166	**295,857**	208,759
Exploration and evaluation expenses	12	**7,945**	127	**9,550**	156
Impairment	16	**7,608**	(173,801)	**7,608**	(173,801)
Reduction in deferred consideration		**-**	-	**-**	(8,250)
Loan fee amortisation	8	**1,127**	2,378	**2,282**	4,683
Revaluation of financial instruments	26	**12,295**	2,131	**18,676**	1,996
Hedging resets		**(10,016)**	(28,167)	**(20,320)**	(65,556)
Movement in goodwill	15	**(662,000)**	-	**(1,262,937)**	-
Accretion	8	**10,607**	9,548	**22,611**	19,096
Bank interest & charges	8	**28,749**	24,693	**52,165**	50,628
Financial instrument put premiums		**20,118**	8,586	**24,643**	25,719
Cashflow from operations		**421,701**	130,694	**879,201**	314,990
Changes in inventory, receivables and payables relating to operating activities		**310,360**	45,740	**187,973**	116,580
		732,061	176,434	**1,067,174**	431,570
Corporation tax paid		**-**	(10,004)	**-**	(10,004)
Net cash from operating activities		**732,061**	166,430	**1,067,174**	421,566
Investing activities					
Capital expenditure		**(137,316)**	(48,160)	**(214,563)**	(84,907)
Decommissioning expenditure		**(7,893)**	(8,170)	**(11,689)**	(12,492)
Deferred consideration payment		**(4,237)**	-	**(15,867)**	-
Cash on acquistion		**107,437**	-	**278,066**	-
Acquisition cost		**(1,124,707)**	-	**(1,235,518)**	-
Changes in receivables and payables relating to investing activities		**(26,907)**	7,795	**(32,958)**	(753)
Net cash used in investing activities		**(1,193,623)**	(48,535)	**(1,232,529)**	(98,152)
Financing activities					
Dividend payment		**-**	(15,000)	**-**	(15,000)
Loan drawdown/(repayment)		**600,000**	(50,000)	**400,000**	(200,000)
Bank interest & charges		**(28,749)**	(24,693)	**(52,165)**	(50,628)
Financial instrument put premiums		**(7,045)**	(8,586)	**(39,807)**	(25,719)
Changes in receivables and payables relating to financing activities		**(12,401)**	(13,371)	**(24,571)**	(26,225)
Net cash from / (used in) financing activities		**551,805**	(111,650)	**283,457**	(317,572)
Currency translation differences relating to cash		**(1,739)**	482	**(2,583)**	1,266
Increase in cash & cash equivalents		**88,504**	6,727	**115,519**	7,108
Cash and cash equivalents, beginning of period		**71,864**	1,584	**44,849**	1,203
Cash and cash equivalents, end of period		**160,368**	8,311	**160,368**	8,311

The accompanying notes on pages 7 to 22 are an integral part of the financial statements.

1. NATURE OF OPERATIONS

Ithaca Energy Limited (the "Group" or "Ithaca"), was incorporated and domiciled in Jersey, Channel Islands and is a group involved in the development and production of oil and gas in the North Sea. The Group's registered office is 47 Esplanade, St Helier, Jersey JE1 0BD.

2. BASIS OF PREPARATION

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in accordance with IFRS Interpretations Committee (IFRS IC) interpretations, including IAS 34 Interim Financial Reporting. These interim consolidated financial statements do not include all the necessary annual disclosures in accordance with IFRS.

The policies applied in these interim consolidated financial statements are based on IFRS issued and outstanding as of 29 August 2022, the date the Board of Directors approved the statements. Any subsequent changes to IFRS that are given effect in the Group's annual consolidated financial statements for the year ending 31 December 2021 could result in restatement of these interim consolidated financial statements.

The consolidated financial statements are presented in US dollars and all values are rounded to the nearest thousand (US$'000), except when otherwise indicated.

The interim consolidated financial statements should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2021.

3. SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATION UNCERTAINTY

Basis of measurement

The interim consolidated financial statements have been prepared on a going concern basis using the historical cost convention, except for the revaluation of certain financial assets and financial liabilities (under IFRS) to fair value, including derivative instruments. Historical cost is generally based on the fair value consideration given in exchange for the assets.

Going concern

The Directors consider the preparation of the financial statements on a going concern basis to be appropriate. This is due to the following key factors:

- Significant upturn in the commodity markets in 2022 compared with 2021/2020;
- RBL liquidity headroom of almost of $175m ($750m drawn versus $925m available), plus $160.4m cash as at June 2022; and
- A material hedge position which reduces exposure to price uncertainty – over 52% of total 2022 production is hedged, and 31% of 2023 production.

The directors closely monitor the funding position of the Group throughout the year including monitoring continued compliance with covenants as described in the Groups Annual Accounts, and available facilities to ensure sufficient headroom to fund operations.

Owing to the on-going fluctuations in commodity demand and price volatility, management prepare sensitivity analyses to allow proactive management of business risks including liquidity risk, including the following separate scenarios covering the period through 31 December 2023:

- 10% decrease in production
- average sales price $55/bbl in 2022 and 2023 and 95p/therm in 2022 dropping to 50p/therm in 2023, with no change to opex and capex

Based on their assessment of the Group's financial position to the period 31 December 2023, the Group's Directors believe that the Group will be able to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Basis of consolidation

The interim consolidated financial statements of the Group include the financial statements of Ithaca Energy Limited and all wholly-owned subsidiaries as listed per note 29. Ithaca has twenty eight wholly-owned subsidiaries. All intergroup transactions and balances have been eliminated on consolidation.

Subsidiaries are all entities, including structured entities, over which the group has control. The group controls an entity when the group is exposed to or has rights to variable returns from its investments with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated on the date that control ceases.

Under Article 105(11) of the Companies (Jersey) Law 1991, the Directors of a holding company need not prepare separate financial statements (i.e. Company only financial statements). Separate financial statements for the Company are not prepared unless required to do so by the members of the Company by ordinary resolution. The members of the Company had not passed a resolution requiring separate financial statements and, in the directors' opinion, the Company meets the definition of a holding Company. As permitted by law, the Directors have elected not to prepare separate financial statements.

Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets acquired, equity instruments issued and liabilities incurred or assumed at the date of completion of the acquisition. Acquisition costs incurred are expensed and included in administrative expenses. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is less than the Group's share of the net assets acquired, the difference is recognised directly in the statement of income as negative goodwill.

Transactions assessed as asset acqusitions are accounted for as follows:

- individual assets and liabilities are measured on initial recognition in line with the applicable accounting policy for the respective account balance
- the residual amount is allocated to assets that are measured at cost on initial recognition on a pro rata basis based on estimated fair value

In the event the consideration paid/received exceeds the assets/liabilities acquired as measured as set out above, the difference is recognised as a gain in the Statement of Income in line with IFRIC 1.

Goodwill

Capitalisation

Goodwill acquired through business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised as the fair value of the Group's share of the identifiable net assets acquired and liabilities assumed. If this consideration is lower than the fair value of the identifiable assets acquired, the difference is recognised in the statement of income. Goodwill arises on business combinations as a result of recognising a deferred tax liability under IFRS 3 fair value accounting.

Impairment

Goodwill is tested annually for impairment and also when circumstances indicate that the carrying value may be at risk of being impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash generating unit ("CGU") to which the goodwill relates. Where the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised in the statement of income. Impairment losses relating to goodwill cannot be reversed in future periods. The CGU for the purposes of the goodwill test is the North Sea ie. the entire Ithaca portfolio of oil and gas assets.

3. SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATION UNCERTAINTY (continued)

Interest in joint operations

Under IFRS 11, joint arrangements are those that convey joint control which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. Associates are investments over which the Group has significant influence but not control or joint control, and generally holds between 20% and 50% of the voting rights.

Under the equity method, investments are carried at cost plus post-acquisition changes in the Group's share of net assets, less any impairment in value in individual investments. The consolidated income statement reflects the Group's share of the results and operations after tax and interest.

The Group's interest in joint operations (e.g. exploration and production arrangements) are accounted for by recognising its assets (including its share of assets held jointly), its liabilities (including its share of liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of revenue from the sale of output by the joint operation and its expenses (including its share of any expenses incurred jointly).

Revenue

The sale of crude oil, gas or condensate represents a single performance obligation, being the sale of barrels equivalent on collection of a cargo or on delivery of commodity into an infrastructure. Revenue is accordingly recognised for this performance obligation when control over the corresponding commodity is transferred to the customer. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for products in the normal course of business, net of discounts, customs duties and sales taxes.

Tariff income is recognised as the underlying commodity is shipped through the pipeline network based on established tariff rates.

Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the Group and its subsidiaries operate (the 'functional currency'). The consolidated financial statements are presented in United States Dollars, which is the Group's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income.

Financial instruments

All financial instruments, other than those designated as effective hedging instruments, are initially recognised at fair value on the statement of financial position. The Group's financial instruments consist of cash and cash equivalents, accounts receivable, deposits, derivatives, accounts payable, accrued liabilities, contingent consideration. Under IFRS 9, with the exception of derivatives and contingent consideration, all financial instruments will be recorded at amortised cost based on an analysis of the business model and terms of financial assets. There is no change to the classification of financial liabilities. All financial instruments are required to be measured at fair value on initial recognition. Measurement in subsequent periods is dependent on the classification of the respective financial instrument.

On acquisition of Ithaca SP E&P Limited (formerly Siccar Point Energy E&P Limited) on 30 June 2022 the Group acquired derivative financial instruments which were not elected to be accounted for under IFRS 9 hedge accounting. These instruments were used as economic hedges to reduce certain exposures to commodity price risk and foreign currency exchange risk. These include commodity hedging, forward currency contracts and interest rate swaps. Derivative financial instuments acquired are held at fair value in the Statement of financial position with valuation gains or losses (unrealised gains/losses) shown as finance income or expenses in the Statement of comprehensive income. Gains and losses arising from settlement of derivative instruments (realised gains/losses) are recorded under operating costs/income.

IFRS 9 classifications:
Cash and cash equivalents are classified at amortised cost which equates to its fair value. Accounts receivable and long term receivables are classified and carried at amortised cost as they have a business model of held to collect and the terms meet the solely payments of principle and interest criteria. Accounts payable, accrued liabilities, certain other long-term liabilities, and long-term debt are classified as other financial liabilities. Although the Group does not intend to trade its derivative financial instruments, they are required to be carried at fair value though other comprehensive income.

Transaction costs that are directly attributable to the acquisition or issue of a financial asset or liability and original issue discounts on long-term debt have been included in the carrying value of the related financial asset or liability and are amortised to consolidated net earnings over the life of the financial instrument using the effective interest method.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument.

The effective portion of changes in the fair value of derivatives that qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss. Amounts accumulated in other comprehensive income are transferred to the profit or loss in the period when the hedged item will affect the profit or loss. When the hedged item no longer meets the requirements for hedge accounting, expires or is sold, any accumulated gain or loss recognised in other comprehensive income is transferred to profit and loss when the forecast transaction which was the subject of the hedge occurs.

Where put options are used as hedging instruments, only the intrinsic value of the option is designated as the hedge, with the change in time value recorded in finance

Analyses of the fair values of financial instruments and further details as to how they are measured are provided in notes 25 to 27.

Cash and cash equivalents

For the purpose of the statement of cash flow, cash and cash equivalents include investments with an original maturity of three months or less.

Inventories - hydrocarbon and materials

Inventories of materials and hydrocarbon inventory supplies are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined on the first-in, first-out method. Current hydrocarbon inventories are stated at net realisable value, which is based on estimated selling price less any further costs expected to be incurred to completion and disposal/sale. Non-current oil and gas inventories are stated at historic cost.

Lifting or offtake arrangement for oil and gas produced in certain of the Group's oil and gas properties are such that each participant may not receive and sell its precise share of the overall production in each period. The resulting imbalance between cumulative entitlement and cumulative volume sold less inventory is an "underlift", included within hydrocarbon inventory or "overlift", included within other payables in the Statement of financial position. Movements during an accounting period are adjusted through cost of sales in the statement of income.

3. SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATION UNCERTAINTY (continued)

Trade and other receivables

Trade receivables are recognised and carried at the original invoiced amount, less any provision for estimated irrecoverable amounts.

For trade receivables, the Group applies a simplified approach in calculating expected credit losses "ECLs". Therefore, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Other receivables are carried at amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognised in the profit or loss when the assets are derecognised, modified or impaired. The Group's financial assets measured at amortised cost includes trade and other receivables and amounts due from related parties.

Trade and other payables

All other financial liabilites are intially recognised at fair value, net of directly attributable transaction costs. For interest-bearing loans and borrowings this is typically equivalent to the fair value of the proceeds received, net of issue costs associated with the borrowing. After inital recognition, other financial liabilites are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilites are recognised in interest and other income and finance costs respectively. This category of financial liabilites included trade and other payables and finance debt.

Property, plant and equipment

Oil and gas expenditure – exploration and evaluation assets

Capitalisation

Pre-acquisition costs on oil and gas assets are recognised in the consolidated statement of income 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 evaluation including technical, administrative and share based payment expenses are capitalised as intangible exploration and evaluation (“E&E”) assets.

E&E costs are not amortised prior to the conclusion of evaluation activities. At completion of evaluation activities, if technical feasibility is demonstrated and commercial reserves are discovered then, following development sanction, the carrying value of the E&E asset is reclassified as a development and production (“D&P”) asset, but only after the carrying value is assessed for impairment and where appropriate its carrying value adjusted. If after completion of evaluation activities in an area, it is not possible to determine technical feasibility and commercial viability or if the legal right to explore expires or if the Group decides not to continue exploration and evaluation activity, then the costs of such unsuccessful exploration and evaluation are written off to the statement of income in the period the relevant events occur.

Oil and gas expenditure – development and production assets

Capitalisation

Costs of bringing a field into production, including the cost of facilities, wells and subsea equipment, direct costs including staff costs together with E&E assets reclassified in accordance with the above policy, are capitalised as a D&P asset. Normally each individual field development will form an individual D&P asset but there may be cases, such as phased developments, or multiple fields around a single production facility when fields are grouped together to form a single D&P asset.

Depreciation

All costs relating to a development are accumulated and not depreciated until the commencement of production. Depreciation is calculated on a unit of production basis based on the proved and probable reserves of the asset. Any re-assessment of reserves affects the depreciation rate prospectively. Significant items of plant and equipment will normally be fully depreciated over the life of the field. However, these items are assessed to consider if their useful lives differ from the expected life of the D&P asset and should this occur a different depreciation rate would be charged.

Impairment

For impairment review purposes the Group’s oil and gas assets are analysed into cash-generating units ("CGUs") as identified in accordance with IAS 36. A review is carried out each reporting date for any indicators that the carrying value of the Group’s assets may be impaired or previously impaired assets (excluding goodwill) where a reversal of a previous impairment may arise. For assets where there are such indicators, an impairment test is carried out on the CGU. The impairment test involves comparing the carrying value with the recoverable value of an asset. The recoverable amount of an asset is determined as the higher of its fair value less costs to sell and value in use, where the value in use is determined from estimated future net cash flows. If the recoverable amount of an asset is estimated to be less that its carrying amount, the carrying amount of the asset is reduced to the recoverable amount. The resulting impairment losses are written off to the statement of income. Previously impaired assets (excluding goodwill) are reviewed for possible reversal of previous impairment at each reporting date.

Non oil and natural gas operations

Non oil and gas assets are initially recorded at cost and depreciated over their estimated useful lives on a straight line basis as follows:

Buildings	10 years
Computer and office equipment	3 years
Furniture and fittings	5 years

Borrowings

All interest-bearing loans and other borrowings with banks are initially recognised at fair value net of directly attributable transaction costs. After initial recognition, interest-bearing loans and other borrowings are subseqently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, discount or premium.

Loan origination fees are capitalised and amortised over the term of the loan. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use of sale. All other borrowing costs are expensed as incurred.

Senior notes are measured at amortised cost.

3. SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATION UNCERTAINTY (continued)

Decommissioning liabilities

The Group records the present value of legal obligations associated with the retirement of long-term tangible assets, such as producing well sites and processing plants, in the period in which they are incurred with a corresponding increase in the carrying amount of the related long-term asset. Liabilities for decommissioning are recognised when the Group has an obligation to plug and abandon a well, dismantle and remove a facility or an item of plant and restore the site on which it is located, and when a reliable estimate can be made. Where the obligation exists for a new facility or well, such as oil & gas production or transportation facilities. The obligation generally arises when the asset is installed or the ground/environment is disturbed at the field location. In subsequent periods, the asset is adjusted for any changes in the estimated amount or timing of the settlement of the obligations. The carrying amounts of the associated assets are depleted using the unit of production method, in accordance with the depreciation policy for development and production assets. Actual costs to retire tangible assets are deducted from the liability as incurred.

Contingent and deferred consideration

Both contingent and deferred considerations are accounted for as a financial liability and measured at fair value at the date of acquisition with any subsequent remeasurements recognised in profit or loss in accordance with IFRS 9.

Taxation

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted by the reporting date.

Deferred income tax

Deferred tax is recognised for all deductible temporary differences and the carry-forward of unused tax losses. Deferred tax assets and liabilities are measured using enacted or substantively enacted income tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in rates is included in earnings in the period of the enactment date. Deferred tax assets are recorded in the consolidated financial statements if realisation is considered more likely than not.

The carrying amount of deferred tax assets is reviewed at each balance sheet 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 assets and liabilities are offset only when a legally enforceable right of offset exists and the deferred tax assets and liabilities arose in the same tax jurisdiction.

Leases

The Group assesses at contract inception all arrangements to determine whether it is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group is not a lessor in any transactions, it is only a lessee. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. the right-of-use asset is depreciated over the useful life of the asset.

The Group’s right-of-use assets are included in Property, Plant and Equipment (Note 13).

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is generally not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group’s lease liabilities are included within finance costs and other liabilities (Notes 8 and 20).

Maintenance expenditure

Expenditure on major maintenance refits or repairs is capitalised where it enhances the life or performance of an asset above its originally assessed standard of performance; replaces an asset or part of an asset which was separately depreciated and which is then written off, or restores the economic benefits of an asset which has been fully depreciated. All other maintenance expenditure is charged to the statement of income as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATION UNCERTAINTY (continued)

New and amended IFRS Standards that are effective for the current year

In the current year, the Group adopted the following amendments to international financial reporting standards as issued by the IASB.

- *Reference to the Conceptual Framework (Amendments to IFRS 3)*

The adoption of this amendment has not had an impact on the financial statements.

- *Property, Plant and Equipment - proceeds before intended use (Amendments to IAS 16)*

The adoption of this amendment has not had an impact on the financial statements.

- *Onerous Contracts - cost of fulfilling a contract (Amendments to IAS 37)*

The adoption of this amendment has not had an impact on the financial statements.

- *Annual Improvements to IFRS Standards 2018-2020*

The adoption of this amendment has not had an impact on the financial statements.

New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

IFRS 17 (including the June 2020 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

Significant accounting judgements and estimation uncertainties

The management of the Group has to make estimates and judgements when preparing the financial statements of the Group. Uncertainties in the estimates and judgements could have an impact on the carrying amount of assets and liabilities and the Group’s result. The most important estimates and judgements in relation thereto are:

Estimates in oil and gas reserves
The business of the Group is to enhance hydrocarbon recovery and extend the useful lives of mature and underdeveloped assets and associated infrastructure in a profitable and responsible manner. Estimates of oil and gas reserves requires critical judgement, factors such as the availability of geological and engineering data, reservoir performance data, and drilling of new wells all impact on the determination of the Group’s estimates of its oil and gas reserves and result in different future production profiles affecting prospectively the discounted cash flows used in impairment testing. These are based on a bi-annual third party expert's view and these volumes are used in the calculations for impairment tests and accounting for depletion and decommissioning. Changes in estimates of oil and gas reserves resulting in different future production profiles will affect the discounted cash flows used in impairment testing, the anticipated date of decommissioning and the depletion charges in accordance with the unit of production method. For the purposes of depletion and decomissioning estimates the Group use proved and probable reserves and for the purposes of the impairment tests performed, the Group considers the same probable and proved reserves as well as risked resource volumes. These risking adjustments are reflective of the Group's progress of the overall field development and are reflective of a market participant view.

Estimates in impairment of oil and gas assets and goodwill
Determination of whether oil and gas assets or goodwill have suffered any impairment requires an estimation of the fair value less costs to dispose of the CGU to which oil and gas assets and goodwill have been allocated. When performing impairment tests of oil and gas assets, these can be considered on a pre or post tax basis. In respect of the fields where the associated deferred tax liability has been recognised as part of a business combination, this assessment is performed on a pre-tax basis and the associated deferred tax liability is included in the Group's goodwill impairment assessment. Where the associated deferred tax liability has been generated as a result of timing differences, this assessment is performed on a post-tax basis. This includes a review of previously impaired assets (excluding goodwill) for possible reversal of a previous impairment. The calculation requires the Group to estimate the future cash flows expected to arise from the CGU using discounted cash flow models comprising asset-by-asset life of field projections. Key assumptions and estimates in the impairment models relate to: commodity prices that are based on internal view of forward curve prices that are considered to be a best estimate of what a market participant would use; discount rates which reflect management's estimate of a market participant post tax weighted average cost of capital; and commercial reserves and resources on a risked basis. As the production and related cash flows can be estimated from the Group's experience, management believes that the estimated cash flows expected to be generated over the life of each field is the appropriate basis upon which to assess goodwill and individual assets for impairment or an impairment reversal. Furthermore, there is also uncertainty due to climate change and the speed of the energy transition and the likely impact this will have on both oil and gas demand for forecast prices. The Group have considered climate adjusted price curves in their assessment of forecast commodity prices. For further details regarding the estimate value, inputs and assumptions please refer to notes 13 and 15.

Decommissioning provision estimates
Amounts used in recording a provision for decommissioning are estimates based on current legal and constructive requirements and current technology and price levels for the removal of facilities and plugging and abandoning of wells. Due to changes in relation to these items, the future actual cash outflows in relation to decommissioning are likely to differ in practice. To reflect the effects due to changes in legislation, requirements, technology and price levels, the carrying amounts of decommissioning provisions are reviewed on a regular basis. The effects of changes in estimates do not give rise to prior year adjustments and are dealt with prospectively.

While the Group uses its best estimates and judgement, actual results could differ from these estimates. Expected timing of expenditure can also change, for example in response to changes in laws & regulations or their interpretation, and/or due to changes in commodity prices. The payment dates are uncertain and depend on the production life of the respective fields. A nominal discount rate of 3.5% (2021: 2.5%) is used to discount the estimated costs. A variation in this discount rate of 1% would change the decommissioning liabilities by approximately $180 million (2021: $202 million). For further details regarding the estimate value, inputs and assumptions refere to note 20.

3. SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATION UNCERTAINTY (continued)

Significant accounting judgements and estimation uncertainties (continued)

Taxation judgement
The Group's operations are subject to a number of specific tax rules which apply to exploration, development and production companies. In addition, the tax provision is prepared before the relevant companies have filed their tax returns with the relevant tax authorities and, significantly, before these have been agreed. As a result of these factors, the tax provision process necessarily involves the use of a number of estimates and judgements including those required in calculating the effective tax rate. The Group recognises deferred tax assets on unused tax losses where it is probable that future taxable profits will be available for utilisation. This requires management to make judgements and assumptions regarding the likelihood of future taxable profits and the amount of deferred tax that can be recognised. For further details regarding the estimate value, inputs and assumptions please refer to note 24.

Acquisitions
In the period, the Group have made a number of acquisitions, see note 14 for further details of the provisional purchase price allocation, including the assets and liabilities acquired, the negative goodwill arising on acquisition and details of the contingent consideration payable. The acquisitions were accounted for as business combinations under IFRS 3. The assets and liabilities identified in the purchase price allocation include oil & gas assets, decommissioning liabilities, deferred tax assets and liabilities, derivatives and working capital.

The consideration payable includes both amounts paid at completion of each of the acquisitions, and in respect of the acquisition of Marubeni Oil & Gas Limited and the Siccar Point entities, both acquisitions require judgements to be made regarding the future value of associated contingent consideration.

The calculation of the fair value of the oil & gas assets acquired requires the Group to estimate the future cash flows expected to arise from the CGU's in the acquired business using discounted cash flow models. Key assumptions and estimates include commodity prices, discount rates and oil and gas reserves estimates. See above estimates in impairment of oil and gas assets and goodwill section and estimate in oil and gas reserves section for further details regarding these assumptions. In addition, the Group have considered the value that a market participant would prescribe to prospective resources in determining both the fair value of the oil & gas assets acquired and the contingent consideration recognised.

In determining the value of the deferred tax asset recognised, the Group have made assumptions in respect of the amount of losses brought forward which will be available to them to offset against future taxable profits of the Group. Specifically, in respect of the Marubeni acquisition, assumptions have been made with regards to the group relief claims the seller is entitled to make relating to pre-completion periods (pre 4 February 2022) which would reduce the losses available to the Group, and the quantum of such claims. The provisional deferred tax asset recognised by the Group assumes full utilisation of the losses held in MOGL and therefore a change in this assumption could result in a change in the deferred tax asset recognised on the balance sheet on acquisition, which would in turn change the value of the negative goodwill recognised.

Further, in assessing the value of the deferred tax asset recognised in MOGL and Siccar acquisitions, the Group have made assumptions regarding future restructuring within the Group, therefore a change in assumptions could result in a change in the deferred tax asset recognised.

4. SEGMENTAL REPORTING

The Group operates a single class of business being oil and gas exploration, development and production and related activities in a single geographical area presently being the North Sea.

5. REVENUE

	Three months ended 30 June		Six months ended 30 June	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
Oil sales	**474,968**	248,356	**973,326**	470,789
Gas sales	**199,261**	59,422	**604,996**	145,780
Condensate sales	**20,338**	7,096	**35,297**	21,179
Other income	**7,337**	5,676	**18,782**	14,124
Realised losses on oil derivative contracts	**(73,043)**	(12,612)	**(125,908)**	(3,777)
Realised losses on gas derivative contracts	**(11,319)**	(14,152)	**(144,265)**	(9,624)
	617,542	293,786	**1,362,228**	638,471

No significant judgments have been made in determining the timing of satisfaction of performance obligations, the transactions price and the amounts allocated to performance obligations.

6. ROYALTIES

	Three months ended 30 June		Six months ended 30 June	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
Royalties	**(2,806)**	(862)	**(5,361)**	(1,725)

Royalty costs represent 3.34% of Stella and Harrier revenue paid to the original licence holders.

7. ADMINISTRATIVE EXPENSES

	Three months ended 30 June		Six months ended 30 June	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
General & administrative	**(1,780)**	(3,991)	**(15,312)**	(9,041)

8. NET FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
Bank interest and charges	**(26,767)**	(23,757)	**(48,471)**	(48,863)
Loan fee amortisation	**(1,127)**	(2,378)	**(2,282)**	(4,683)
Accretion	**(10,607)**	(8,911)	**(22,611)**	(17,798)
Put premiums	**(19,860)**	(8,586)	**(24,387)**	(25,719)
Other	**(1,982)**	(1,605)	**(3,694)**	(3,096)
	(60,343)	(45,237)	**(101,445)**	(100,159)

9. TRADE AND OTHER RECEIVABLES

	30 June 2022	31 Dec 2021
Current	**US$'000**	US$'000
Trade debtors	**20,698**	2,964
Other debtors	**104,929**	121,291
Accrued income	**223,104**	104,035
	348,731	228,290

The Group regularly monitors all customer receivable balances outstanding in excess of 90 days for ECLs. As at 30 June 2022, substantially all accounts receivables are current, being defined as less than 90 days. The Group has no allowance for doubtful accounts as at 30 June 2022 (31 December 2021: $Nil).

	30 June 2022	31 Dec 2021
Non-current	**US$'000**	US$'000
Decommissioning reimbursement	**117,818**	152,184

	30 June 2022	31 Dec 2021
Current	**US$'000**	US$'000
Decommissioning reimbursement	**94,640**	94,640

The decommissioning reimbursement represents the equal and opposite of decommissioning liabilities (note 20), net of notional tax, associated with the Heather and Strathspey fields.

As part of the terms of the Ithaca Oil and Gas Limited ("IOGL") (formerly Chevron North Sea Limited) acquisition, Chevron have the obligation to provide the security and remain financially responsible for the decommissioning obligations of IOGL in relation to these interests. As the payment is virtually certain this has been accounted for under IAS 37 as a reimbursement asset.

10. DEPOSITS, PREPAID EXPENSES & OTHER

	30 June 2022	31 Dec 2021
Current	**US$'000**	US$'000
Prepayments	**16,812**	8,524
Decommissioning securities	**1,197**	2,012
	18,009	10,536

11. INVENTORY

	30 June 2022	31 Dec 2021
Current	**US$'000**	US$'000
Hydrocarbon inventory	**66,425**	115,743
Materials inventory	**108,192**	89,374
Provision for obsolete materials inventory	**(35,762)**	(27,498)
	138,855	177,619

	30 June 2022	31 Dec 2021
Non-current	**US$'000**	US$'000
Hydrocarbon inventory	**532**	532

12. EXPLORATION AND EVALUATION ASSETS

	US$'000
At 1 January 2021	70,589
Additions	45,922
Write offs/relinquishments	(156)
At 31 December 2021 and 1 January 2022	116,355
Additions	**6,192**
Acquisitions	**706,558**
Transfer to D&P	**(95,547)**
Write offs/relinquishments	**(9,550)**
At 30 June 2022	**724,008**

Following completion of geotechnical evaluation activity, certain North Sea licences were declared unsuccessful and certain prospects were declared non-commercial. This resulted in the carrying value of these licences being fully written off to nil with $9.5 million being expensed in the period to 30 June 2022 ($0.2 million in the period to 30 June 2021).

13. PROPERTY, PLANT AND EQUIPMENT

	Right of use operating assets US$'000	Development & Producing assets US$'000	Other fixed assets US$'000	Total US$'000
Cost				
At 1 January 2021	13,139	5,496,465	18,856	5,528,460
Additions	2,512	341,713	21,437	365,662
Disposals	(6,441)	-	-	-
At 31 December 2021 and 1 January 2022	9,210	5,838,178	40,293	5,887,681
Additions	**24,797**	**187,933**	**3,322**	**216,052**
Acquisitions (note 14)	**-**	**1,103,423**	**-**	**1,103,423**
Transfer from E&E	**-**	**95,547**	**-**	**95,547**
Revision of decommissioning cost estimates	**-**	**(313,017)**	**-**	**(313,017)**
Disposals	**(9,350)**	**-**	**-**	**(9,350)**
At 30 June 2022	**24,657**	**6,912,063**	**43,615**	**6,980,336**
DD&A and Impairment				
At 1 January 2021	(6,257)	(2,930,215)	(8,275)	(2,944,747)
DD&A charge for the period	(5,613)	(444,751)	(5,549)	(455,913)
Disposals	6,441	-	-	6,441
Impairment (note 16)	-	465,271	-	465,271
At 31 December 2021 and 1 January 2022	(5,429)	(2,909,695)	(13,824)	(2,928,948)
DD&A charge for the period	**(12,686)**	**(277,583)**	**(5,588)**	**(295,857)**
Disposals	**9,350**	**-**	**-**	**9,350**
Impairment (note 16)	-	**(10,402)**	**1,694**	**(8,708)**
At 30 June 2022	**(8,765)**	**(3,197,680)**	**(17,718)**	**(3,224,163)**
NBV at 1 January 2021	6,882	2,566,250	10,581	2,583,713
NBV at 1 January 2022	3,781	2,928,484	26,469	2,958,733
NBV at 30 June 2022	**15,892**	**3,714,383**	**25,897**	**3,756,173**

The transfer from E&E to D&P assets during the quarter, relates to the Abigail, Fotla and Jade South wells...

14. BUSINESS COMBINATION ACCOUNTING

On 4 February 2022, the Group completed the acquisition of 100% of the equity of Marubeni Oil & Gas (UK) Limited ("MOGL"). The transaction added a further nine producing field interests (known as 'MonArb') to the existing Ithaca portfolio.

Taking into account the interim period cashflows generated by MOGL since the transaction effective date of 1 January 2021, the $7 million deposit paid at signing of the transaction in November 2021 and conventional working capital adjustments, the price payable at completion of the acquisition was $108 million and contingent and deferred considerations of $155 million has been recognised.

On 30 June 2022, the Group completed the acquisition of 100% of the equity of Summit Exploration and Production Limited ("Summit"). The transaction added a further 2.1875% ownership of the Elgin Franklin field interest within the existing Ithaca portfolio.

Taking into account the interim period cashflows generated by Summit since the transaction effective date of 1 January 2021, the $10 million deposit paid at signing of the transaction in February 2022 and conventional working capital adjustments, the price payable at completion of the acquisition was $119 million.

On 30 June 2022, the Group completed the acquisition of 100% of the equity of Siccar Point Energy (Holdings) Limited ("Siccar") and its UK subsidiaries. The transaction added a further two producing assets (Mariner 8.89% and Schiehallion 11.75%), an additional 5.57% increase to Ithaca's existing equity in Jade, and three development prospects (Rosebank 20.00%, Cambo 70.00% and Tornado 50.00%) to the existing Ithaca portfolio.

Taking into account the interim period cashflows generated by Siccar since the transaction effective date of 1 January 2022 and conventional working capital adjustments, the price payable at completion of the acquisition was $1.015 billion and contingent consideration of $102 million is recognised.

The provisional fair values of the identifiable assets and liabilities as at the acquisition dates were:

	MOGL US$'000	Siccar US$'000	Summit US$'000	Total Fair value US$'000
PP&E and E&E	332,790	1,375,258	101,933	**1,809,981**
Cash	170,629	88,638	18,799	**278,066**
Inventory	2,781	-	-	**2,781**
Trade and other receivables	27,643	32,627	10,513	**70,783**
	201,053	121,265	29,311	**351,630**
Trade and other payables	(5,436)	(39,498)	(20,409)	**(65,343)**
Oil inventory overlift	-	(2,626)	(2,806)	**(5,432)**
Provisions	(253,393)	(121,022)	(16,116)	**(390,531)**
Financial instruments	-	(96,016)	-	**(96,016)**
Borrowings	-	(200,000)	-	**(200,000)**
	(258,829)	(459,162)	(39,331)	**(757,322)**
Deferred tax asset	745,872	1,295,815	6,446	**2,048,133**
Deferred tax liability	(90,081)	(550,103)	(40,773)	**(680,957)**
	655,791	745,712	(34,327)	**1,367,176**
Total identifiable net assets at fair value	930,805	1,783,073	57,587	**2,771,465**
Consideration satisfied by cash	(107,811)	(1,015,346)	(119,361)	**(1,242,518)**
Deferred & contingent consideration	(225,672)	(102,111)	-	**(327,783)**
Consideration	(333,483)	(1,117,457)	(119,361)	**(1,570,301)**
Negative goodwill/(goodwill) arising on acquisition	597,322	665,616	(61,773)	**1,201,165**

From the date of acquisition, the MOGL assets have contributed $213.1 million of revenue and $93.4 million profit before tax in 2022.

The negative goodwill arising on the MOGL acquisition was principally a result of recognising a deferred tax asset of $745m as allowed under IFRS 3 fair value accounting for business combinations. The negative goodwill arising on the Siccar transaction was principally as a result of recognising deferred tax asset arising from tax losses of $1,209m which were unable to be utilised by Siccar. All negative goodwill was expensed in the 6 months to 30 June 2022.

The contingent consideration arrangement on MOGL requires that various milestones of the Sale and Purchase Agreement are met as follows: set gross export production from Montrose Infill Project Phase 1, set cumulative gross export production following Arbroath well reinstatements, set gross export production from next new well in Shaw Field and, an amount paid during the Value Sharing Period (1 January 2022 to 31 December 2024) in relation to sales in excess of a set oil trigger price.

The contingent consideration arrangement on Siccar requires that various milestones of the Sale and Purchase Agreement are met as follows: payment on redemption of acquired bond as at repayment date, Final Investment Decision in respect of the Cambo and Rosebank fields and, an amount paid in relation to sales in excess of a set floor price.

On acquisition of Siccar the Group acquired a $200m bond. On 28 July 2022 a group of bondholders exercised their right to redeem and subsequently $166m was paid to these bondholders. The remaining outstanding balance as at the date of signing these financial statements is $34m.

15. GOODWILL

	30 June 2022 US$'000	31 Dec 2021 US$'000
Opening balance	722,075	722,075
Acquisition	61,773	-
Balance at 30 June	783,848	722,075

Goodwill of $805.3 million was recognised in 2019 on the acquisition of Ithaca Oil & Gas Limited. This goodwill arose as the result of recognising a $868m deferred tax liability as required under IFRS 3 fair value accounting for business combinations. Absent the technical offset to deferred tax liability a bargain of $63 million would have been recognised. This goodwill was impaired in 2020 by $206.7 million leaving a remaining balance of goodwill of $598.6 million. The remaining $123.5 million balance of goodwill relates to the 2014 Summit acquisition.

The goodwill on acquisition in the current period relates to the Summit acquisition, as detailed in note 14.

There are no indicators of impairment in 2022.

16. IMPAIRMENT

	Three months ended 30 June		Six months ended 30 June	
	2022 US$'000	2021 US$'000	2022 US$'000	2021 US$'000
D&P Assets	(10,402)	173,801	(10,402)	173,801
Other fixed assets	1,694	-	1,694	-
Contingent Consideration	1,100	-	1,100	-
Total impairment (charge)/reversal	(7,608)	173,801	(10,402)	173,801

During the 6 months to 30 June 2022 the decommissioning cost estimates for fields that are no longer producing were reviewed which resulted in the recognition of a pre-tax impairment loss of $10.4 million.

An impairment review was carried out at the end of Q2 2021 driven by the higher forward curve for both oil and gas prices resulting in reversals of $173.8 million, being $163m on GSA and $10.8m on Alba. The review was carried out on a fair value less cost of disposal basis using risk adjusted cash flow projections discounted at a post-tax rate of 9.75%.

The following assumptions were used at 2Q 2022 in developing the cash flow model and applied over the expected life of the respective fields:

	Discount rate assumption	Price assumptions 2022	2023	2024	2025	2026
Oil	9.50%	$76/bbl	$69/bbl	$71/bbl	$72/bbl	$74/bbl
Gas	9.50%	164p/therm	99p/therm	68p/therm	61p/therm	56p/therm

17. BORROWINGS

Current	30 June 2022 US$'000	31 Dec 2021 US$'000
Senior notes	(200,000)	-

Non-current	30 June 2022 US$'000	31 Dec 2021 US$'000
RBL facility	(750,000)	(350,000)
Senior notes	(625,000)	(625,000)
Long term bank fees	4,414	13,214
Long term senior notes fees	-	7,170
	(1,370,586)	(954,616)

Refinancing

RBL Facility

Following the refinancing program to amend and extend the RBL facility in July 2021, RBL availability is approximately $1.225 billion with a maturity to 2026. Loan fees of $15.2 million relating to the RBL have been capitalised and amortisation charged during the 6 months ended 30 June 2022 was $1.5 million.

The RBL facility incurs interest at a reference rate of SONIA plus 3.5%.

Senior Notes

In July 2021, the Group completed the refinancing of its senior unsecured notes with the issuance of $625 million 9% senior unsecured notes due July 2026. Loan fees of $7.4 million relating to the senior notes have been capitalised and amoritisation charged during the 6 months ended 30 June 2022 was $0.7 million.

On acquisition of the Siccar Point entities on 30 June 2022 the Group acquired the existing $200 million 9% senior unsecured notes due March 2026. The Group also acquired $5.8 million of accrued current interest in relation to these senior notes. The acquired senior notes include a voluntary early redemption call option and as such the related borrowings have been classified as current as at 30 June 2022.

Covenants

The Group is subject to financial and operating covenants related to the RBL facility. Failure to meet the terms of one or more of these covenants may constitute an event of default as defined in the facility agreements, potentially resulting in accelerated repayment of the debt obligations.

The Group was in compliance with all its relevant financial and operating covenants during the period.

The key financial covenants in the RBL are:

- The Parent shall ensure that as at the end of each Relevant Period (starting with the Relevant Period ending on 30 November 2021) the ratio of Net Debt to EBITDAX shall be less than 3.5:1 "Net debt" referred to is not prescribed by IFRS. The Company uses net drawn debt as a measure to assess its financial position. Net drawn debt includes amounts outstanding under the Company's debt facilities and senior notes, less cash and cash equivalents. Subordinated debt of $250m from Delek Group Limited which was repaid on 3 August 2021 was ranked with equity.
- Total projected sources of funds must exceed the total projected uses of funds for the following 12 month period (or a longer period to first production from development, if applicable)
- The ratio of the net present value of cashflows secured under the RBL for the economic life of the fields to the amount drawn under the facility must not fall below 1.15:1
- The ratio of the net present value of cashflows secured under the RBL for the life of the debt facility to the amount drawn under the facility must not fall below 1.05:1

There are no ongoing maintenance or financial covenant tests associated with the $625m unsecured notes.

As at 30 June 2022 the Group fully complied with all convenants associated with the $625m and $200m unsecured notes.

Security provided against the facilities

The RBL facilities are secured by the assets of the guarantor members of the Ithaca Group, such security including share pledges, floating charges and/or debentures.

18. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Non-current interest bearing loans and borrowings (note 17)	2022 US$'000
At 1 January 2022	(954,616)
Cash flows	(400,000)
Bank fee amortisation	(15,970)
At 30 June 2022	(1,370,586)

19. TRADE AND OTHER PAYABLES

	30 June 2022 US$'000	31 Dec 2021 US$'000
Trade payables	(17,418)	(13,902)
Amounts owed to parent	(28,941)	(28,941)
Current tax payable	(20,745)	-
Oil inventory overlift	(180,954)	(42,944)
Other payables	(134,369)	(144,709)
Accruals and deferred income	(284,376)	(238,147)
	(666,803)	(468,644)

20. DECOMMISSIONING LIABILITIES

Current	30 June 2022 US$'000	31 Dec 2021 US$'000
Balance, beginning of period	(94,640)	(94,640)
Balance, end of period	(94,640)	(94,640)

Non-Current	US$'000	US$'000
Balance, beginning of period	(1,546,849)	(1,321,596)
Additions through acquisition	(391,232)	(55,429)
Accretion	(23,229)	(42,502)
Revision to estimates	341,772	(175,190)
Decommissioning provision utilised	20,747	47,868
Balance, end of period	(1,598,791)	(1,546,849)

The total future decommissioning liability was calculated by management based on its net ownership interest in all wells and facilities, estimated costs to reclaim and abandon wells and facilities and the estimated timing of the costs to be incurred in future periods. The Group uses a discount rate of 3.5 percent (31 December 2021: 3.0 percent) and an inflation rate of 2.0 percent (31 December 2021: 2.0 percent) over the varying lives of the assets to calculate the present value of the decommissioning liabilities. These costs are expected to be incurred at various intervals over the next 21 years.

The economic life and the timing of the obligations are dependent on commodity price and the future production profiles of the respective production and development facilities and Government legislation.

21. OTHER LIABILITIES

Current	30 June 2022 US$'000	31 Dec 2021 US$'000
Lease liability	(21,006)	(3,211)
Petrofac deferred consideration	(45,381)	(49,806)
Balance, end of period	(66,387)	(53,017)

Non-Current	30 June 2022 US$'000	31 Dec 2021 US$'000
Lease liability	-	(278)
Petrofac deferred consideration	-	(5,804)
Marubeni deferred consideration	(69,022)	-
Balance, end of period	(69,022)	(6,082)

The Petrofac deferred consideration relates to completion of the GSA transaction in December 2018. It is payable over a period from 2020 to 2023 and is discounted to reflect the time value of money. Interest is payable at 5% on $15 million of the consideration.

The Marubeni deferred consideration relates to completion of the MOGL transaction in February 2022. It is payable on 1 July 2025 and is dicounted to reflect the time value of money.

Lease liability	Total US$'000
At 1 January 2021	(6,992)
Interest	(367)
Payments	3,870
At 31 December 2021 and 1 January 2022	(3,489)
Interest	(1,829)
Additions	(22,460)
Payments	6,773
At 30 June 2022	(21,006)
Current	(21,006)
Non-current	-
	(21,006)

The lease liability at 31 December 2021 relates fully to the Captain FPSO. The incremental borrowing rate applied to these leases is 5.83% (2021: 5.83%).

The addition in the period relates to the Pioneer rig lease currently on the Captain EOR project. The incremental rate applied to the lease is 7.96%.

22. CONTINGENT CONSIDERATION

Current	30 June 2022 US$'000	31 Dec 2021 US$'000
Balance outstanding	(28,644)	-

The contingent consideration balance relates to the acquisitions of MOGL and Siccar during the first half of 2022.

Non-current	30 June 2022 US$'000	31 Dec 2021 US$'000
Balance outstanding	(244,989)	(5,950)

The non-current contingent consideration balance relates to the acquisition of the Vorlich field, with a remaining amount payable upon Austen FDP submission of $0.6 million and subsequent payment of $3.0 million due upon defined production criteria being met. The remainder of the balance at 31 December 2021 related to Marigold East, formerly Yeoman.

During the 6 months ended 30 June 2022 the Group acquired interests in MOGL and Siccar which included elements of consideration that are payable on certain events occuring. Further details regarding these acquisitions and the related contingent terms can be found in note 14.

23. SHARE CAPITAL

Authorised share capital	Number of ordinary shares	Amount US$'000
At 30 June 2022 and 31 December 2021	117,007,658,167	1,170,077

(a) Issued

The issued share capital is as follows:

Issued	Number of common shares	Amount US$'000
At 30 June 2021 and 31 December 2020	64,097,908,167	640,979

(b) Share premium

	Amount US$'000
At 30 June 2022 and 31 December 2021	609,098

24. TAXATION

	Three months ended 30 June		Six months ended 30 June	
	2022	2021	2022	2021
Current tax	US$000	US$000	US$000	US$000
Current Taxation - income statement	-	3,815	-	3,815
Total curent tax credit	-	3,815	-	3,815
Deferred tax				
Adjustment in respect of Prior Period	-	(6,391)	-	(2,111)
Group tax in Statement of Income	(95,087)	(83,169)	(194,580)	(113,041)
Group tax in Statement of Other Comprehensive Income	(75,966)	65,106	106,833	109,678
Total deferred tax charge	(171,053)	(24,454)	(87,747)	(5,474)
Total tax charge in Statement of Income	(95,087)	(85,745)	(194,580)	(111,337)

Deferred tax	Six months ended 30 June 2022 US$000	2021 US$000
Deferred tax		
Relating to the origination and reversal of temporary differences	(87,746)	(3,363)
Adjustment in respect of prior periods	(1)	(2,111)
Total tax charge	(87,747)	(5,474)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the effective rate of tax applicable for UK ringfence oil and gas activities as follows:

	Three months ended 30 June		Six months ended 30 June	
	2022 US$000	2021 US$000	2022 US$000	2021 US$000
Accounting profit before tax	854,441	190,033	1,729,063	251,560
At tax rate of 40% (2021: 40%)	(340,614)	(76,013)	(690,517)	(100,624)
Non-deductible expense	(20,716)	(11,998)	(30,867)	(21,354)
Recognition of goodwill	264,800	-	505,175	-
Financing costs not allowed for SCT	(508)	(434)	(1,015)	(867)
Ring Fence Expenditure Supplement	17,488	3,095	34,888	6,301
Deferred tax effect of investment allowance	3,719	2,192	7,253	3,828
Over provided in prior years	(1)	(2,576)	(1)	1,704
Deferred Petroleum Revenue Tax	(19,292)	-	(19,292)	-
Unrecognised tax losses	37	(11)	(204)	(325)
Total tax charge recorded in the consolidated statement of income	(95,087)	(85,745)	(194,581)	(111,337)

The Company is UK tax resident. The effective rate of tax applicable for UK ring fence oil and gas activities in 2022 was 40% (2021: 40%) consisting of a corporation tax rate of 30% and the supplementary charge of 10%.

24. TAXATION (continued)

Deferred income tax relates to the following:	**30 June 2022 US$000**	31 Dec 2021 US$000
Deferred tax liability	**(1,299,893)**	(688,140)
Deferred tax asset	**2,800,239**	876,904
Deferred PRT asset	**-**	32,154
Net deferred tax asset	**1,500,346**	220,918

The gross movement on the deferred income tax account is as follows:	**30 June 2022 US$000**	31 Dec 2021 US$000
At 1 January	**220,918**	382,114
Income statement charge	**(194,580)**	(355,828)
Other comprehensive income credit	**106,833**	194,632
Deferred tax arising on busness combinations (note 14)	**1,367,176**	-
At 30 June 2022	**1,500,347**	220,918

Deferred tax liability	**Deferred Corporation Tax on Deferred PRT US$000**	**Accelerated tax depr'n US$000**	**Total US$000**
At 1 January 2022	**(12,861)**	**(675,279)**	**(688,140)**
Prior year adjustment	**-**	**-**	**-**
Deferred tax arising on business combinations (note 14)	**-**	**(647,743)**	**(647,743)**
Origination and reversal of temporary differences	**12,861**	**23,129**	**35,990**
At 30 June 2022	**-**	**(1,299,893)**	**(1,299,893)**

Deferred tax assets	**Other US$000**	**Tax Losses US$000**	**Decommissioning provision US$000**	**Total US$000**
At 1 January 2022	**178,956**	**500,282**	**197,666**	**876,904**
Prior year adjustment	**(1)**	**-**	**-**	**(1)**
Deferred tax arising on business combinations (note 14)	**38,406**	**1,820,300**	**156,212**	**2,014,918**
Origination and reversal of temporary differences	**114,791**	**(212,314)**	**5,941**	**(91,582)**
At 30 June 2022	**332,152**	**2,108,268**	**359,819**	**2,800,239**

Deferred PRT asset	**Total US$000**
At 1 January 2022	**32,154**
Origination and reversal of temporary differences	**(32,154)**
At 30 June 2022	**-**

Deferred corporation tax assets are recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable under current tax legislation and using enacted tax rates that taxable profits will be available in the future against which the unused tax losses/credits can be utilised.

The UK related tax losses of $5,555 million do not expire under UK tax legislation and may be carried forward indefinitely. In addition to these losses, the Group will also benefit from the carry forward of capital allowances of $154 million, which are included in the calculation of accelerated tax depreciation above, giving a total pool of losses and allowances of $5,709 million, the majority of which have been recognised.

Included within the other deferred tax assets are accumulated losses related to derivative contracts.

Included within the deferred tax liability of $1,300 million is an asset of $1,305 million relating to Investment Allowance, all of which is activated so can be utilised upon completion of future field developments and income generation.

The carrying value of the net deferred corporation tax asset at 30 June 2022 of $2,800 million is supported by estimates of the Group's future taxable income, based on the same price and cost assumptions as used for impairment testing.

An Energy Profits Levy ("EPL" or "the Levy") was enacted on 14th July 2022 applying a Levy of 25% to the profits of oil and gas companies until 31 December 2025 or earlier if prices return to normalised levels. The Levy is charged upon oil and gas profits calculated on the same basis as Ring Fence Corporation Tax ("RFCT") however excludes relief for decommissioning and finance costs. RFCT losses and Investment Allowance are not available to offset the EPL. The impact of the Levy would be to increase the deferred tax liability by $209.2 million and decrease the deferred tax asset by $359.9 million if it was enacted on 30 June 2022.

25. COMMITMENTS

	30 June 2022 US$'000	31 Dec 2021 US$'000
Capital commitments		
Capital commitments incurred jointly with other ventures (Ithaca's share)	**191,007**	83,368

26. FINANCIAL INSTRUMENTS

To estimate the fair value of financial instruments, the Group uses quoted market prices when available, or industry accepted third-party models and valuation methodologies that utilise observable market data. In addition to market information, the Group incorporates transaction specific details that market participants would utilise in a fair value measurement, including the impact of non-performance risk. The Group characterises inputs used in determining fair value using a hierarchy that prioritises inputs depending on the degree to which they are observable. However, these fair value estimates may not necessarily be indicative of the amounts that could be realised or settled in a current market transaction. The three levels of the fair value hierarchy are as follows:

• Level 1 – inputs represent quoted prices in active markets for identical assets or liabilities (for example, exchange-traded commodity derivatives). Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

• Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly, as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, market interest rates, and volatility factors, which can be observed or corroborated in the marketplace. The Group obtains information from sources such as the New York Mercantile Exchange and independent price publications.

• Level 3 – inputs that are less observable, unavailable or where the observable data does not support the majority of the instrument's fair value.

In forming estimates, the Group utilises the most observable inputs available for valuation purposes. If a fair value measurement reflects inputs of different levels within the hierarchy, the measurement is categorised based upon the lowest level of input that is significant to the fair value measurement. The valuation of over-the-counter financial swaps and collars is based on similar transactions observable in active markets or industry standard models that primarily rely on market observable inputs. Substantially all of the assumptions for industry standard models are observable in active markets throughout the full term of the instrument. These are categorised as Level 2.

The following table presents the Group's material financial instruments measured at fair value for each hierarchy level as of 30 June 2022:

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total Fair Value US$'000
Contingent consideration	-	-	(273,633)	(273,633)
Derivative financial instrument asset	-	21,844	-	21,844
Derivative financial instrument liability	-	(821,864)	-	(821,864)

The table below presents the total gain/(loss) on financial instruments that has been disclosed through the statement of income:

	Three months ended 30 June		Six months ended 30 June	
	2022 US$000	2021 US$000	2022 US$000	2021 US$000
Revaluation of forex forward contracts	(12,295)	(2,218)	(17,021)	(2,109)
Revaluation of commodity hedges	-	87	(2,110)	113
	(12,295)	(2,131)	(19,131)	(1,996)
Realised gain on forex contracts	-	2,596	-	3,950
	-	2,596	-	3,950
Total gain/(loss) on financial instruments	(12,295)	465	(19,131)	1,954

Cash flow hedge

The table below presents the total gain on financial instruments that has been disclosed through the statement of comprehensive income:

	Three months ended 30 June		Six months ended 30 June	
Cash flow hedges	2022 US$000	2021 US$000	2022 US$000	2021 US$000
Revaluation of derivative contracts	197,212	(134,600)	(249,485)	(208,642)
Realised loss on derivative contracts	(111,518)	(63,517)	(312,157)	(104,675)
Amounts recycled to revenue	84,362	26,765	270,173	13,401
Amounts recycled to finance costs	19,860	8,586	24,387	25,720
Total gain/(loss)	189,916	(162,766)	(267,082)	(274,196)

The Group has identified that it is exposed principally to these areas of market risk.

i) Commodity Risk

Commodity price risk related to crude oil prices is the Group's most significant market risk exposure. Crude oil prices and quality differentials are influenced by worldwide factors such as OPEC actions, political events and supply and demand fundamentals. The Group is also exposed to natural gas price movements on uncontracted gas sales. Natural gas prices, in addition to the worldwide factors noted above, can also be influenced by local market conditions. The Group's expenditures are subject to the effects of inflation, and prices received for the product sold are not readily adjustable to cover any increase in expenses from inflation. The Group may periodically use different types of derivative instruments to manage its exposure to price volatility, thus mitigating fluctuations in commodity-related cash flows.

The below represents commodity hedges in place at the period end:

Derivative	Term	Volume		Average price
Oil swaps	Jul 22 - Dec 23	5,005,292	bbls	$62/bbl
Oil puts	Jul 22 - Dec 22	1,048,800	bbls	$57/bbl
Oil collars	Jul 22 - Dec 23	6,262,000	bbls	$66-$89/bbl
Gas swaps	Jul 22 - Dec 23	192,495,000	therms	134p/therm
Gas puts	Jul 22 - Dec 22	27,600,000	therms	90p/therm
Gas collars	Jul 22 - Sep 23	78,000,000	therms	114p-204p/therm

ii) Interest Risk

Calculation of interest payments for the RBL Facilities and term loan agreements incorporate SONIA. The Group is therefore exposed to interest rate risk to the extent that SONIA may fluctuate.

The below represents interest rate financial instruments in place:

Derivative	Term	Value	Rate
Interest rate swap	Mar 21 - Dec 23	$50 million	0.219%

iii) Foreign Exchange Rate Risk

The Group is exposed to foreign exchange risks to the extent it transacts in various currencies, while measuring and reporting its results in US Dollars. Since time passes between the recording of a receivable or payable transaction and its collection or payment, the Group is exposed to gains or losses on non-USD amounts and on balance sheet translation of monetary accounts denominated in non-USD amounts upon spot rate fluctuations from quarter to quarter.

The Group enters into forward contracts as a means of hedging its exposure to foreign exchange rate risks. As at 30 June 2022 the Group had an average of £18million per quarter hedged at an average forward rate of $1.37 : £1, and €4.5million per quarter at an average rate of $1.07 : €1, for the period July to December 2022.

26. FINANCIAL INSTRUMENTS (continued)

The Group also enters into collar contracts as a means of hedging its exposure to foreign exchange rate risks. The Group holds $200m zero cost foreign exchange collars which mature on 30 November 2022. Further detail can be seen below.

iv) Credit Risk

The Group's accounts receivable with customers in the oil and gas industry are subject to normal industry credit risks and are unsecured.

The Group's accounts receivable with customers in the oil and gas industry are subject to normal industry credit risks and are unsecured. Oil production from Cook and Dons is sold to Shell Trading International Ltd, Stella and Vorlich to ENI, Captain, Alba and Pierce to BP Oil International. Stella and Vorlich gas is sold to BP Gas Marketing and Gazprom Marketing and Trading.

The Group assesses partners' credit worthiness before entering into farm-in or joint venture agreements. In the past, the Group has not experienced credit loss in the collection of accounts receivable. As the Group's exploration, drilling and development activities expand with existing and new joint venture partners, the Group will assess and continuously update its management of associated credit risk and related procedures.

The Group regularly monitors all customer receivable balances outstanding in excess of 90 days for Expected Credit Losses ("ECLs"). As at 30 June 2022, substantially all accounts receivables are current, being defined as less than 90 days. The Group has no allowance for doubtful accounts as at 30 June 2022 (31 December 2021: $Nil).

The Group may be exposed to certain losses in the event that counterparties to derivative financial instruments are unable to meet the terms of the contracts. The Group's exposure is limited to those counterparties holding derivative contracts with positive fair values at the reporting date. As at 30 June 2022, the Group's exposure is $15.6million (31 December 2021: $5million). As derivative instruments are hedged with banks who are counterparties to the Group's RBL agreement the Directors consider there to be a low risk of default and therefore no credit value adjustment (CVA) or credit loss is recognised.

At 30 June 2022 the Group had $200m worth of Israeli New Shekel ("ILS") hedged using zero cost collar instruments with an average floor of ILS3.19 and an average ceiling of ILS3.25. The expiry date for these instruments is 30 November 2022.

The Group also has credit risk arising from cash and cash equivalents held with banks and financial institutions. The maximum credit exposure associated with financial assets is the carrying values.

v) Liquidity Risk

Liquidity risk includes the risk that as a result of its operational liquidity requirements the Group will not have sufficient funds to settle a transaction on the due date. The Group manages liquidity risk by maintaining adequate cash reserves, banking facilities, and by considering medium and future requirements by continuously monitoring forecast and actual cash flows. The Group considers the maturity profiles of its financial assets and liabilities. As at 30 June 2022, substantially all accounts payable are current.

The following table shows the timing of cash outflows relating to liabilities.

	Within 1 year US$'000	1 to 5 years US$'000
Trade and other payables	(666,803)	-
Derivatives	(652,737)	(169,127)
Deferred and contingent consideration	(28,644)	(244,989)
Other liabilities	(66,387)	(69,022)
Borrowings	(200,000)	(1,370,586)
	(1,614,571)	(1,853,724)

27. DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2022 US$'000	31 December 2021 US$'000
Oil swaps - cash flow hedge	**(179,683)**	(102,703)
Oil puts - cash flow hedge	**(6,487)**	(6,542)
Oil collars - cash flow hedge	**(110,093)**	(9,402)
Gas swaps - cash flow hedge	**(387,055)**	(264,345)
Gas puts - cash flow hedge	**27,775**	(3,317)
Gas collars - cash flow hedge	**(130,910)**	(66,007)
Interest rate swaps	**6,791**	133
FX collars	**(12,660)**	-
FX forwards	**(7,698)**	(2,010)
	(800,020)	(454,193)

Instruments held with parties included within the Group's RBL facility are secured against the related borrowings. All other instruments are unsecured.

28. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Financial instruments of the Group consist mainly of cash and cash equivalents, receivables, payables, loans and financial derivative contracts, all of which are included in

	30 June 2022 US$'000		31 December 2021 US$'000	
Classification	**Carrying Amount**	**Fair Value**	Carrying Amount	Fair Value
Cash and cash equivalents (Held for trading)	**160,368**	**160,368**	44,849	44,849
Derivative financial assets (Held for trading)	**21,844**	**21,844**	4,949	4,949
Deposits and prepaid expenses	**18,009**	**18,009**	10,536	10,536
Bank debt (loans and bonds)	**(1,370,586)**	**(1,370,586)**	(954,616)	(954,616)
Contingent consideration	**(273,633)**	**(273,633)**	(19,480)	(19,480)
Derivative financial liabilities (Held for trading)	**(821,864)**	**(821,864)**	(459,143)	(459,143)
Other long term liabilities	**(69,022)**	**(69,022)**	(6,082)	(6,082)

29. RELATED PARTY TRANSACTIONS

The Group's immediate parent undertaking is Delek North Sea Limited, and the ultimate parent Group is Delek Group Ltd. (incorporated in Israel). The Group's ultimate controlling party is Mr. Yitzhak (Sharon) Tshuva.

The consolidated financial statements include the financial statements of Ithaca Energy Limited and the subsidiaries listed in the following table:

	Country of incorporation	% equity interest at 30 June	
		2022	2021
FPF-1 Limited	Jersey	**100%**	100%
Ithaca Alpha (NI) Limited	Northern Ireland	**100%**	100%
Ithaca Causeway Limited	England and Wales	**100%**	100%
Ithaca Dorset Limited	England and Wales	**100%**	100%
Ithaca Energy (Holdings) Limited	Bermuda	**100%**	100%
Ithaca Energy (UK) Limited	Scotland	**100%**	100%
Ithaca Energy (North Sea) PLC	Scotland	**100%**	100%
Ithaca Energy Developments UK Limited	England and Wales	**100%**	100%
Ithaca Energy Holdings (UK) Limited	Scotland	**100%**	100%
Ithaca Epsilon Limited	England and Wales	**100%**	100%
Ithaca Exploration Limited	England and Wales	**100%**	100%
Ithaca Gamma Limited	England and Wales	**100%**	100%
Ithaca GSA Holdings Limited	Jersey	**100%**	100%
Ithaca GSA Limited	Jersey	**100%**	100%
Ithaca MA Limited**	England and Wales	**100%**	0%
Ithaca Minerals (North Sea) Limited	Scotland	**100%**	100%
Ithaca Oil and Gas Limited	England and Wales	**100%**	100%
Ithaca Petroleum EHF	Iceland	**100%**	100%
Ithaca Petroleum Ltd	England and Wales	**100%**	100%
Ithaca SP Bonds PLC (formerly Siccar Point Energy Bonds PLC)***	England and Wales	**100%**	0%
Ithaca SP Finance Limited (formerly Siccar Point Energy Finance Limited)***	England and Wales	**100%**	0%
Ithaca SP (Holdings) Limited (formerly Siccar Point Energy (Holdings) Limited)***	England and Wales	**100%**	0%
Ithaca SP (E&P) Limited (formerly Siccar Point Enerfy E&P Limited)***	England and Wales	**100%**	0%
Ithaca SP (O&G) Limited (formerly Siccar Point Energy U.K. Limited)***	England and Wales	**100%**	0%
Ithaca SP UK Limited (formerly Summit Petroleum UK Limited)***	England and Wales	**100%**	100%
Ithaca SPE Limited (formerly Siccar Point Energy Limited)***	England and Wales	**100%**	0%
Ithaca SPL Limited*	England and Wales	**0%**	100%
Ithaca Zeta Limited (formerly Summit Exploration and Production Limited)***	England and Wales	**100%**	0%

Transactions between subsidiaries are eliminated on consolidation.

* Ithaca SPL Limited was dissolved on 15 February 2022.

** The Group acquired 100% of the share capital of Ithaca MA Limited (formerly Marubeni Oil & Gas (UK) Limited) on 4 February 2022. Further details on the acquisition

*** The Group acquired 100% of the share capital of Ithaca SP Bonds PLC, Ithaca SP Finance Limited, Ithaca SP (Holdings Limited), Ithaca SP (E&P) Limited, Ithaca SP (O&G) Limited, Ithaca SP UK Limited, Ithaca SPE Limited and Ithaca Zeta Limited on 30 June 2022. Further details on the acquisitions can be seen in note 14.

The following table provides the loan balances with related parties as of 30 June 2022 and 31 December 2021:

	30 June 2022	31 December 2021
Loans due to related parties	**US$'000**	US$'000
Delek Group Limited	**(28,941)**	(28,941)

30. SUBSEQUENT EVENTS

On 14 July 2022 the UK Government enacted a temporary windfall tax of 25% on the profits of oil and gas companies called the Energy Profits Levy ("EPL" or "the Levy"). The Levy is charged upon oil and gas profits calculated on the same basis as Ring Fence Corporation Tax ("RFCT") however excludes relief for decommissioning and finance costs. RFCT losses and Investment Allowance are not available to offset the EPL. The Directors have considered the impact of the Levy at the date of signing these financial statements and it is believed that the Levy will increase the deferred tax liability by $150.5 million.