Orcadian Energy PLC

REGISTERED NUMBER: 13298968

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

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COMPANY INFORMATION

Directors	Joseph Darby (appointed 8 June 2021) Stephen Brown (appointed 29 March 2021) Gregory Harding (appointed 8 June 2021) Alan Hume (appointed 29 March 2021) Christian Wilms (appointed 8 June 2021) Timothy Feather (appointed 8 June 2021)
Company Secretary	**Ben Harber of Shakespear Martineau LLP**
Registered Number	13298968
Registered Office	6th floor 60 Gracechurch Street London EC3V 0HR
Independent Auditor	**PKF Littlejohn LLP** Statutory Auditor 15 Westferry Circus Canary Wharf London E14 4HD
Solicitors	**Hill Dickinson LLP** The Broadgate Tower 20 Primrose Street London EC2A 2ER **Tandon Hildebrand** Labs Atrium Chalk Farm Road London NW1 8AH
Nominated Advisor & Joint Broker	**WH Ireland Limited** 24 Martin Lane London EC4R 0DR
Joint Broker	**Shore Capital** Cassini House 57 St James's Street London SW1A 1LD
Registrar	**Neville Registrars Limited** Neville House Steelpark Road Halesowen B62 8HD

Chairman's Statement

The year ended 30 June 2021 has been a watershed year for Orcadian Energy plc and its subsidiary (the "Group"). At the start of the year the Group was a single private company, then called Pharis Energy Ltd, now called Orcadian Energy (CNS) Ltd; by the end of the year that company had been acquired by the newly formed Orcadian Energy PLC (the "Company"), which was well on the road to being admitted to the AIM market, an event which occurred on 15 July 2021.

Operationally, the Group has made very substantial progress with the process of preparing the Pilot oilfield, the Group's principal asset, for development. During the year £530,818 was spent on intangible assets. This has occurred during a period when the Government has raised the bar for emissions performance for the oil and gas industry. The Oil and Gas Authority (the "OGA") had already started to focus on emissions performance as we were preparing a Concept Select Report ("CSR") for the Pilot field development which we submitted in September 2020. A revised Strategy for the Oil & Gas Authority which placed a range of new net zero obligations on the UK oil and gas industry, on a par with the existing central obligation to maximise economic recovery, was laid before Parliament in December 2020 and came into force in February 2021.

The adoption of a polymer flooding strategy, an outcome of our concept select work, had already substantially reduced expected emissions from the Pilot development project, actually well below the North Sea average, but the OGA asked us to do better, and we responded positively to that challenge. The result is that expected Scope 1 emissions from the Pilot development are just 2.6 kgCO2e/bbl, a performance which places the Pilot development at the low end of the lowest 5% of global oil production (further details of which are set out in the Company's Admission Document). Following the end of the period under review, an addendum to the CSR was submitted to the OGA on the 1st of July 2021 and the OGA confirmed on the 29th November 2021 that they were content with our proposal and that the project can move from the Assessment phase into the Authorisation phase of the OGA's field development plan process.

The financial results of the Group largely reflect the investment in progressing the Pilot field and the costs of preparing the Group for admission to AIM, a costly but necessary process to position the Group for success. Since Orcadian Energy (CNS) Ltd was established to apply for the Pilot licence in 2014 much has been achieved with few resources, indeed the admission to AIM of Orcadian, when measured by the metric of proven plus probable reserves, was the largest ever UKCS focussed admission of an oil and gas company to the AIM market. Being quoted gives the Group access to capital and multiplies the options the Group has to progress the development of Pilot.

Finally, also following the end of the period under review, on the 6 December 2021 the OGA announced that Orcadian had been awarded £466,667 in the OGA Electrification Competition. In return, we will evaluate a new concept for the electrification of key producing oil and gas fields, initially focussing on Central Graben area fields, which are owned and controlled by third parties (see announcement dated 6 December 2021 for more information).

Our concept would use renewable energy, generated from local wind farms, for the bulk of the electricity required; with back-up power generated from gas or net zero fuels, supported by batteries for a fast response. We will be working with Crondall Energy, Enertechnos, Petrofac, North Sea Midstream Partners ("NSMP") and Wärtsilä to deliver a report to the OGA and Central Graben Operators by the end of March 2022. The OGA funding covers all our external costs in doing this work.

We have also formed a partnership with North Sea Midstream Partners to make a commercial proposal for the delivery of electrical power to Central Graben and Central North Sea Operators. It remains to be seen whether this opportunity can be developed into a new business, but we remain committed to making the best of every opportunity to create value for shareholders.

In any event, the Company is now well positioned to make the best of its assets and to deliver real value for shareholders from the very substantial reserve base the Group holds.

Financial Results

The Group incurred a loss for the year to 30 June 2021 of £296,338 (30 June 2020 – loss of £230,519). The 2020 comparative numbers are that of wholly owned subsidiary Orcadian Energy (CNS) Ltd. Refer to note 2.2 for further detail.

In the year to 30 June 2021 the loss mainly arose from expenses in connection to the transaction, costs associated with the admission process including Advisory and Consultancy Fees, salaries, consulting and professional fees along with general administration expenses. These expenses have been met from the proceeds of the issue of shares.

Cash flow and cash position

Cash used in operations totalled £312,189 (30 June 2020 - £141,254)

As at 30 June 2021, the Group had a cash balance of £179,556 (30 June 2020 - £31,318). Following the end of the financial period under review the Company raised gross proceeds of £3m as part of its Admission to AIM.

Oil Price Outlook

When the Company's shares were admitted to trading on AIM, we stated in the Admission Document that, based on an internal assessment of the supply and demand outlook, the Directors believed that we were entering a period of relative scarcity of oil, which we also believed was supportive of a higher oil price. We believe that is now the consensus view, with demand above 100 million barrels per day, politicians calling for OPEC to increase supply and Brent oil prices having exceeded $80/bbl, before falling back to the low $70s/bbl.

We also stated that the Directors expected that governments around the world would continue their efforts to reduce carbon dioxide emissions, obviously that could temper demand in the future, but we also noted that under-investment in the upstream oil industry could well counteract that pressure.

We still believe that oil prices will always be volatile, but we also believe it is not unreasonable to plan the Group's projects on the assumption that there is a robust outlook for oil; and the Directors believe the Group's flagship project should be economically robust as the NPV breakeven price for the Pilot development scheme is approximately US$39/bbl. (see the Company's Admission Document for details of the assumption behind that NPV) and since January 2015 the oil price has been above US$39/bbl 94% of the time.

UK Oil and Gas Sector

On 24 March 2021, the Government announced the North Sea Transition Deal demonstrating the Government's commitment to the UKCS oil and gas sector. Through this deal the UK's oil and gas sector and the government will work together to deliver the skills, innovation and new infrastructure required to decarbonise North Sea oil and gas production. The Group is a part of these discussions and with the support of the OGA will be making a proposal to supply clean reliable energy to Platform Operators. The Directors are confident that the Government will continue to support the oil and gas industry, especially those companies and projects which can demonstrate their contribution to delivering a Net Zero basin.

Business Outlook

The key challenge for the Group is the financing of the Pilot project. The Directors are pursuing two parallel and complementary paths to achieve this aim. The reserves have been established, and with the receipt of a "Letter of no objection" from the OGA the development plan is clear. We are working to attract oil companies and contractors as partners in the development and we will continue to do that through 2022. We are confident that, as the mist clears after COP26, that companies will once again recognise that the UKCS is a great place to invest and that appetite for well-designed development opportunities which have substantial proven reserves will re-emerge.

J Darby

Joseph Darby
Chairman and Non-Executive Director

15 December 2021

Board of Directors

Mr. Joseph Darby – Chairman and Non-Executive Director
Mr Darby is former Chief Executive of LASMO plc. He also worked for Shell Petroleum before becoming Managing Director of Thomson North Sea Ltd., and has held a number of senior roles in the oil & gas industry Mr Darby is currently a Non-Executive director at Gulfsands Petroleum plc and was the senior independent director at Premier Oil plc for six years. He has held non-executive roles at Alkane Energy plc, Nordaq Energy plc, British Nuclear Fuels plc, Mowlem plc, Bowleven plc and Centurion Energy Inc. He was Chairman of Mowlem plc (2005-2006) and Faroe Petroleum plc (2003-2007) and an advisor to the board of Setanta Energy (2011-2013).

Mr. Stephen Brown – Chief Executive Officer and Director
Mr Brown is a Petroleum engineer with a commercial, project development and operational background. He has nearly forty years of experience with BP, Halliburton, Challenge Energy, Petrofac and Setanta Energy. Mr Brown led the Harding pre-project team for BP and was the first Andrew operations manager during the project execution phase. He is also founder of Challenge Energy (now part of SLR), Exile Resources (now Oando Energy Resources), Setanta Energy and Orcadian Energy.

Mr. Alan Hume – Chief Financial Officer and Director
Mr Hume is a highly experienced CFO with a diverse background in the oil and gas exploration and production sector as well as the broader energy market. He has held senior finance, commercial and operational roles in the oilfield services, engineering, construction and energy production sectors, and has significant experience with both private equity backed companies and publicly listed entities. Mr. Hume is a Fellow of the Chartered Institute of Management Accountants and has held previous positions at Halliburton, Brown & Root, Rockwater, Xtract Energy plc, Elko, Zenith Energy, Edison Mission Energy.

Mr Gregory Harding – Technical Director
Mr Harding is a Chartered Engineer with over thirty years of experience as a petroleum and reservoir engineer with broad oil and gas industry experience including offshore production operations, reservoir development planning, feasibility studies, asset evaluation and joint venture asset management. He has had held previous positions at BG, Gaffney Cline, Union Texas, Kerr McGee, Challenge Energy & Setanta Energy.

Mr. Christian Wilms – Non-Executive Director
Mr. Wilms is Senior Vice-President Subsurface & Field Development MOL Group accountable for development projects, reserves and providing functional leadership to MOL's subsurface staff. Previously he spent 21 years with Shell International E&P in different technical and leadership roles covering various geographies including Netherlands, Nigeria, Qatar, USA and the UK. Mr. Wilms is experienced in complex field developments including water flooding and enhanced oil recovery including steam drive and polymers.

Mr. Timothy Feather – Non-Executive Director
Mr. Feather trained as a lawyer and now a Qualified Chartered Accountant with 30 years of experience in the financial industry. He is currently the Chief Financial Officer of Sumner Group Mining plc, and previously Business Development Director within the same Group. Previously he was Corporate Finance Director at WH Ireland where he was a Qualified Executive for AIM and acted as retained adviser for a portfolio of AIM quoted clients in a wide range of sectors including mining, oil and gas, healthcare and technology. He is a co-founder of Westhouse Securities, Mr. Feather also previously worked for Brown Shipley & Co. Limited, Henry Cooke Lumsden and Touche Ross (now Deloitte).

Director's Strategic Report for the Year Ended 30 June 2021

The Directors present their Strategic Report of Orcadian Energy Plc for the year ended 30 June 2021.

Objectives

The principal activity of Orcadian Energy PLC is managing oil and gas assets and through its subsidiary Orcadian Energy (CNS) Ltd the Group holds 100% interest in, and is operator (or licence administrator) of, UKCS Seaward Licences P2244, which contains the Pilot and Harbour heavy oil discoveries, P2320, which contains the Blakeney, Feugh, Dandy & Crinan discoveries and, P2482, which contains the Elke and Narwhal discoveries. In addition the Group has a 50% interest in P2516, which contains the Fynn Beauly and Fynn Andrew discoveries. Parkmead is licence administrator of this licence.

Strategy and Business Model

Orcadian's strategy is to secure discovered resources at low cost and to transform those resources into reserves and onto production. The Pilot field is our key asset. The field is well appraised and ready for development. Orcadian has selected, as the very best development concept, a low salinity polymer flood with two wellhead platforms, a dedicated FPSO, and a floating wind turbine. The next step is to secure development partners (either operators or an alliance of contractors) so that we can deliver a fully financed Field Development Plan ("FDP") to the OGA.

To support the OGA's Net Zero initiative we have significantly reduced process heat demands by including heat pumps in our process design and we have selected a floating wind turbine to provide power backed up by highly efficient gas fuelled reciprocating engines to ensure a continuous power supply.

The surrounding acreage is rich in resources and highly prospective with sixteen of the seventeen wells (and sidetracks) drilled on the Group's acreage having encountered oil. Following Admission the Group licensed a newly reprocessed seismic dataset from TGS and we continue to evaluate this new data to support both the progression of the Pilot development and the potential in the Bowhead prospect which lies to the North of Pilot.

Operational review and outlook

A full review of the operations, financial position and outlook are set out in the Chairman's Statement.

Key Performance Indicators

Success for Orcadian will be a fully financed Pilot development project. That achievement will be the foundation for further development of the opportunities to deliver value from the other discoveries and prospects on the Group's acreage holdings. When the project is financed and approved it will move from the Reserve category "Justified for Development" into the higher reserve category "Approved for Development".

We believe this progression of assets from less valuable and more uncertain resource categories into more valuable and more certain resource categories is the best measure of performance of a pre-development resource company.

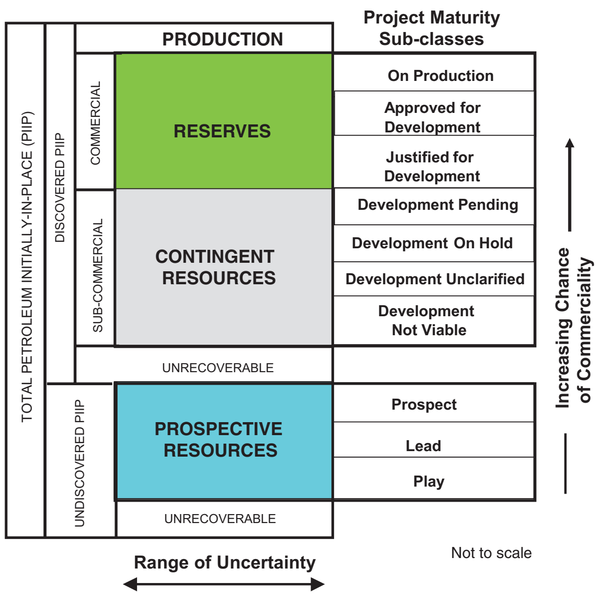
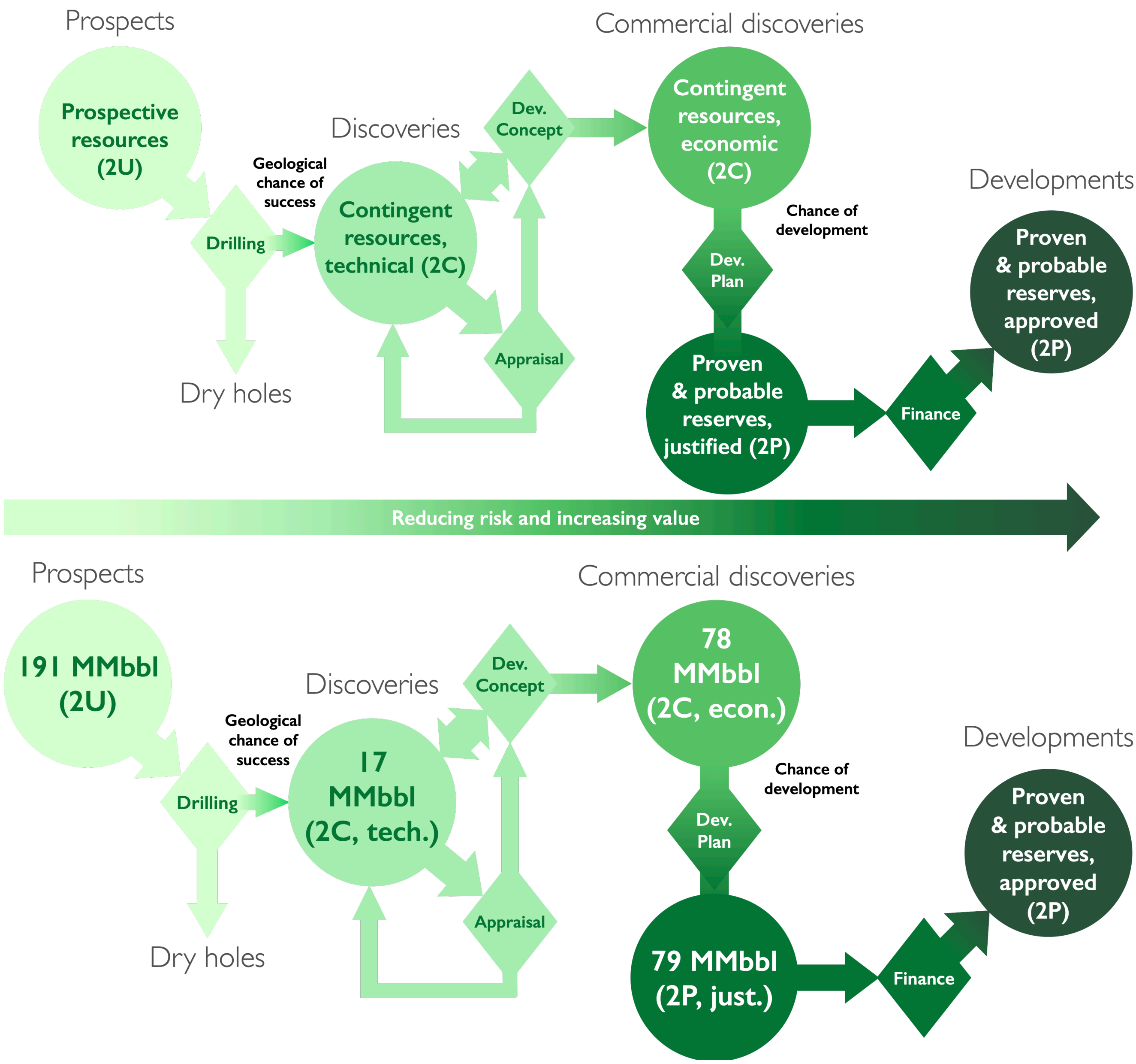


Figure 2.1—Sub-classes based on project maturity

Progression is key but so too is the cost of progression, either in cash terms or in terms of dilution of shareholders' interest in the assets. Management is highly aligned with shareholders and is very focussed on achieveing this progression with the least dilution possible.

The below diagrams are a representation of this process of progression from prospects to approved development projects, the first shows the categories and the second the "mid case" volumes attributed by Sproule to Orcadian's assets.



The Directors focus will be on progression of assets through this process and we intend to ensure the Competent Persons Report ("CPR") is regulatly updated, which will provide the basis for an independent measure of progression.

Principal Risks and uncertainties

The Group's performance is affected by a number of risks and uncertainties, which the Board monitor on an ongoing basis in order to identify, manage and minimise their possible impact. The principal business is the development and production of oil and gas assets. Set out below are the principal risks and uncertainties facing the Company:

Risk area	Description	Mitigation
Funding risk (Pilot)	Development of Pilot will require the mobilisation of substantial capital and there is a risk that the Group may not be in a position to fully finance the project by the end of the Second Term of the licence that expires in November 2022. The pool of lending institutions for Oil & Gas projects may be dimished because of movements away from funding greenhouse gas emitting projects. There is a risk that the Group may not be able to raise the capital necessary to progress its projects towards final investment decision, and ultimately towards first oil production. There is a risk that if the adverse impacts of COVID and associated lockdowns worsen, there is a risk that the Group may not be able to raise the required finance.	The Group maintains a good relationship with the OGA and a high level of dialogue and the directors are confident that if full finance is not in place by November 2022 that the OGA will grant an extension to the licence. The directors believe we are entering a period in which investors will have renewed appetite for development projects in stable jurisdictions like the UKCS and that ultimately the Company will be able to secure a development partner or equity finance.
Funding risk (other assets)	The Group has relatively modest work commitments on its licenses, however, both P2320 and P2482 are drill-or-drop licences and require commitment to drill a well by May 2022 and July 2025 respectively. In the event that sufficient funding can not be obtained and the work commitments not funded, there is a risk of the Company losing the licenses for failure to honour work commitments.	By May 2022, the Company has to demonstrate financial capacity to drill a well on the P2320 licence. The company is running a farm-out process on the Bowhead prospect and has agreed a non-binding Heads of Terms with Carrick on the Carra prospect. Should these processes not bear fruit, the Company has the option of either raising funds to drill a well by issuing new shares or letting the licence lapse. Losing this licence would not have a material effect on the total asset value within the Company and the Company would be in a good position to reapply for the acreage. Alternatively, the OGA may grant a further extension of Phase A of the licence.
Personnel	Oil and gas exploration and development activities are	The Company is currently in discussions with contractors involved in oilfield

	dependent on the availability of skilled personnel, drilling and related equipment in the particular areas where such activities will be conducted. Demand for such personnel or equipment, or access restrictions may affect the availability to the Group. The loss of key directors and key management personnel may have a negative impact on the Company's ability to execute its business strategy.	development activities with a view to procuring the necessary personnel and equipment. These discussions are proving positive and the Company, due to the recent low level of development activity, feels confident that personnel and equipment will be available when it is required. The Company's ability to execute its business plan is dependent on the quality of its directors and key personnel. The Company ensures that its directors and key personnel collectively possess a diverse and extensively experienced skill set and seeks to retain its key staff by offering remuneration packages at competitive market place rates.
Commodity price volatility	Oil and gas prices are highly volatile, and lower oil and gas prices will negatively affect the Group's financial position, capital expenditures and results of operations.	The Company has yet to enter into production so near term price volatility has little effect on ongoing activities. The Company believes that the recent low level of investment in new exploration and development projects will lead to a scarcity of oil and with the post Covid ramp up of industrial activity, oil prices will remain above the breakeven lifting costs anticipated for the Companies main asset.
Operational risk	Oil and gas drilling is a speculative activity and involves numerous risks and substantial and uncertain costs that could adversely affect the Group.	The Company has prepared a very detailed budget for the Pilot oilfield development project which has been included in the CPR. The cost estimate was developed with input from leading industry specialists and fully validated during the CPR sign off process. Sufficient contingency has been included in the cost estimates.
Environmental risk	Exploration and development of a project can be adversely affected by environmental legislation and the unforeseen results of environmental studies carried out during evaluation of a project. Once a project is in production unforeseen events can give rise to environmental liabilities.	The Group is has not yet entered into production however it hopes to in the foreseeable future. The Group will ensure that robust crisis management and emergency response processes are in place and tested against. The Group actively monitors the political, economic and social situation in areas where we do business, including business continuity plans tailored to pre-defined levels of alert.
COVID-19 risk	Although the company has still been able to access funding during	The current COVID 19 situation should not adversely affect the Group's ability to

	the pandemic, there is a risk, albeit relatively small, that future lockdowns and the impact that has on economic growth and capital markets may lead to funding being difficult to obtain in the future. Also there is a risk that lockdowns could lead to temporary halts in exploration/development activities	continue with its business operations as it has no employees who work in a central office and it does not, at this stage of the project, depend on third party supplies of materials which could be disrupted. Looking to the future, the Group has no plans to increase staffing levels nor to bring staff into the office. Most of the work to be undertaken will be for consultants or the technical team who have all demonstrated the ability to work effectively remotely. Fundraising during the pandemic has not been impacted as we have been successful in securing loan funding utilising our existing network contacted by e-mail and phone.

Relations with Shareholders

The Directors believe they have acted in the way most likely to promote the success of the Group for the benefit of its members as a whole, as required by s172 of the Companies Act 2006.

The requirements of s172 are for the Directors to:

- Consider the likely consequences of any decision in the long term;
- Act fairly between the members of the Company;
- Maintain a reputation for high standards of business conduct;
- Consider the interests of the Company's employees;
- Foster the Company's relationships with suppliers, and others; and
- Consider the impact of the Company's operations on the community and the environment.

The Group's operation is the managing oil and gas assets. The Board has identified its key stakeholders as its customers, shareholders, employees and suppliers. The Board keeps itself appraised of its key stakeholders' interests through a combination of both direct and indirect engagement, and the Board has regard to these interests when discharging its duties.

The application of the s172 requirements can be demonstrated in relation to some of the key decisions made during the period to 30 June 2021:

- Execution of the acquisition of Orcadian Energy (CNS (Ltd);
- Preparation for obtaining a quotation on AIM, a market of the London Stock Exchange which was successfully completed post the period end (on 15 July 2021);
- Allocation of the Group's capital in a way which the Directors' believe offers significant long term returns to shareholders, while also ensuring that the Group retains flexibility to continue to deploy capital towards growth;
- Adapting a rapid response to the working location restrictions arising from the Covid-19 pandemic, ensuring that the Group continued to deliver both the high level of service delivery without compromising the health and safety of individuals.

During the period to 30 June 2021, the Board assessed its current activities between the Board and its stakeholders, which demonstrated that the Board actively engages with its stakeholders and takes their various objectives into consideration when making decisions. Specifically, actions the Board has taken to engage with its stakeholders over the last twelve months include:

- Arranged meetings with certain stakeholders to provide them with updates on the Company's operational activities and other general corporate updates;
- Discussed feedback from investors' and analysts' meetings following the release of our annual and half-year announcements. We have an investor relations programme of meetings with existing and potential shareholders; and
- Establish a company culture and with the intention of enabling continuously improvement of company culture and morale as the Group continues to develop.

The Board believes that appropriate steps and considerations have been taken during the period so that each Director has an understanding of the various key stakeholders of the Company. The Board recognises its responsibility to contemplate all such stakeholder needs and concerns as part of its discussions, decision-making, and in the course of taking actions, and will continue to make stakeholder engagement a top priority in the coming years.

Approved on behalf of the board on 15 December 2021 by:

Stephen Brown
Chief Executive Officer

CORPORATE GOVERNANCE

The directors recognise the importance of, and are committed to, high standards of corporate governance. Of the two widely recognised formal codes, the directors have decided to adhere to the Quoted Companies Alliance's Corporate ("QCA") Governance code. The Group's compliance with this code is summarised below and can be found in full on the Group's website at: https://orcadian.energy/esg/governance/.

Governance Report

Introduction

The Company recognises the importance of, and is committed to, high standards of Corporate Governance. The Company adopted the Quoted Company Alliance Corporate Governance Code (2018) ("the Code"). It is believed that the QCA Code provides the Group with the framework to help ensure that a strong level of governance is maintained, enabling the Group to embed the governance culture that exists within the organisation as part of building a successful and sustainable business for all its stakeholders.

There follows a short explanation of how the Group will apply key principles. The other principles are stated on the Company's website:

Principle 1 – Strategy

Establish a strategy and business model which promotes long-term value for shareholders
The Group's strategy is to identify discovered resources, preferably well appraised and most likely on the UKCS; to secure access to those resources; and to create a profitable field development plan which attracts finance either from oil industry partners or financial investors. Since Orcadian Energy (CNS) Limited was founded in March 2014 the company has been awarded a 100% interest in licences P2244, P2320 and P2482 and was also awarded a 50% interest in P2516. The P2244 licence contains a shallow viscous oil discovery known as the Pilot field which has audited 2P reserves of 79 MMbbl.

The company has submitted a Concept Select report for the development of Pilot to the OGA. Key to the company's success and a prime strategic objective is to secure the finance necessary to develop Pilot either through farm-out or creation of a contractor alliance to develop the field. The Group will also seek to mature its portfolio of prospective and contingent resources into reserves.

Principle 2 – Shareholder's needs and expectation

Seek to understand and meet shareholders' needs and expectations

The Company supports an open and transparent dialogue with shareholders with the aim of ensuring shareholders views on the performance of the Company are heard and shareholders needs and objectives are understood.

The AGM is a key part of the Company's investor relations strategy and shareholders are encouraged to participate, particularly private investors who have the opportunity to ask questions and raise issues, either formally during the meeting or informally with directors following conclusion of business.

Governance Report (continued)

Direct communication with shareholders is achieved primarily through the timely release of regulatory news, via a regulatory information service, which can be accessed through various channels, including the London Stock Exchange website and the Company website.

https://www.londonstockexchange.com

https://orcadian.energy

The Company has an on-going investor relations programme which includes individual meetings with institutional shareholders and analysts following the preliminary and half-year results including presentations to institutions as well as face to face, or virtual, briefings to for groups of shareholders. Ongoing shareholder communication is also conducted regularly throughout the year on an ad hoc basis. We will aim to answer as many questions as possible in these session.

If you wish to contact the Company, contact details are on our website at https://orcadian.energy/contacts details of the Company and the Company's advisors are included in all announcements released via RNS should shareholders wish to communicate with the Board. The Chairman and/or the Executive Director typically respond to shareholder queries directly (whilst maintaining diligence on Market Abuse Regulations restrictions on insider information and within the requirements of the AIM Rules for Companies) or through our Investor Relations advisers Tavistock Communications.

Principle 3 – Social responsibility

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

The Board is very aware of its corporate, environmental and social responsibilities. In pursuing its business objectives Orcadian Energy plc is committed to delivering lasting benefit to the local communities and environments where we work as well as to our shareholders, employees and contractors.

Principle 4 – Risk Management

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

The Board and the Risk Committee is responsible for setting the risk framework within which the Company operates and ensuring that suitable risk-management controls and reporting structures are in place throughout the Group.

The management of the business and the execution of the Company's strategy are subject to a number of risks. The Board ensures risks are mitigated as far as reasonably practicable by performing a detailed review of the issues pertaining to each significant decision. Significant decisions are reviewed by the Board having consulted the Company's professional third-party advisers (be they legal, financial or technical). The Board convenes on a regular basis, either by telephone or in person on a formal basis to discuss risk management.

Governance Report (continued)

The nature of the Group's operations will have particular risk management challenges, including, in particular, maintaining the health and safety of all staff and contractors working on site and ensuring that all drilling and related operations are carried out in an environmentally sound and safe manner. All health and safety measures are formalized, described in detailed manuals and explained in person to all people associated with the Group's operational activities. In addition, the Company will have appropriate insurances in place before commencing any of its planned technical work.

Principle 5 – Board Functioning

Maintain the Board as a well functioning, balanced team led by the Chairman

The Board meets formally in person and by telephone multiple times throughout the year and at least six times per year. The Board also holds regular informal project appraisal and strategy discussions, to examine operations, opportunities and assess risks.

The directors encourage a collaborative Board culture to ensure that each decision reached is always in the Company's and its shareholders' best interests and that any one individual opinion never dominates the decision making process. The Board seeks, so far as possible, to achieve decisions by consensus and all directors are encouraged to use their independent judgement and to challenge all matters whether strategic or operational.

The Board will maintain a balance of executives and non-executive directors. Currently there are three non-executives including the Non Executive Chairman Joseph Darby and two Independent Non-Executives, Christian Wilms and Tim Feather. There are no mandatory hours for directors to be available for Company business although the CEO is required to commit 100% of his working time (based on a 40 hour working week) to the Company. The non-executive directors are available for any Company business when it may arise.

The Board delegates certain decisions to an Audit Committee, the Remuneration Committee the Risk Committee and the Reserves Committee, details of these committees are included in page 17 to 20 of this Report.

Principle 6 – Board Capabilities

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

The Board currently consists of three Executive and three Non-executive directors. The Board has an appropriate balance of skills and expertise across the areas of resources, operations, finances and public markets. The Board membership will be reviewed periodically as the needs of the Group evolve.

The Directors biographical details can be found on page 5 of this Report.

Each director takes his continued professional and technical development seriously.

The Board ensures it is well advised and supported by utilising a range of external experts in various fields, and employs accountants, legal counsel, a Company Secretary and a Nominated Adviser and Broker, in accordance with the AIM rules.

Governance Report (continued)

Principle 7 – Code and Committees

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

The Company is required under the AIM Rules to comply with a recognised corporate governance code to be chosen by the Board. The Board recognises the importance of sound corporate governance and intends that the Company will comply with the provisions of the QCA Code. The Company shall disclose on its website how it complies with the QCA Code and, where it departs from the QCA Code, will explain the reasons for doing so.

Following Admission, the Board will comprise three executive directors and three non-executive directors. Of the non-executive directors Tim Feather and Christian Wilms are considered to be independent.

The Board is responsible for formulating, reviewing and approving the Company's strategy, budgets and corporate actions. The Company has established properly constituted audit and AIM compliance, Audit, Risk, Reserve and Remuneration committees of the Board with formally delegated duties and responsibilities. Details of these committees are included in page 17 to 20 of this Report.

The *Principle 8 – Culture*

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

The Board strives to promote a corporate culture based on sound ethical values and behaviours. To that end, the Company has adopted a strict anti-corruption and whistle-blowing policy but the directors are not aware of any event to date that might be considered to breach this policy. The executive directors ensure that external contractors are aware of, and comply with, this policy.

The Company has also adopted a code for directors' and employees' dealings in securities, which is appropriate for a company whose securities are traded on AIM. The code is in accordance with the requirements of the Market Abuse Regulation that came into effect in 2016.

The Board is also aware that the tone and culture that it sets will greatly impact all aspects of the Company and the way that employees behave, as well as the achievement of corporate objectives. A significant part of the Company's activities is centred upon an open dialogue with shareholders, employees and other stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives.

The *Principle 9 – Governance structure*

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

AIM quoted companies are required to state which recognised corporate governance code they will follow from Admission, how they comply with such code and to explain reasons for any non-compliance. The Directors recognise the value and importance of high standards of corporate governance and intend, given the Company's size and the constitution of the Board, to comply with the recommendations set out in the QCA Code.

Governance Report (continued)

The Board

The Board will be responsible for the overall management of the Group including the formulation and approval of the Group's long term objectives and strategy, the approval of budgets, the oversight of Group operations, the maintenance of sound internal control and risk management systems and the implementation of Group strategy, policies and plans. While the Board may delegate specific responsibilities, there will be a formal schedule of matters specifically reserved for decision by the Board. Such reserved matters will include, amongst other things, approval of significant capital expenditure, material business contracts and major corporate transactions. The Board will meet regularly to review performance.

The QCA Code recommends at least two members of the Board comprise non-executive directors determined by the Board to be independent. Following Admission, the Board will comprise of two executive directors and four non-executive directors, of which three are independent and, as such, the Company complies with the requirements of the QCA Code in this regard.

The QCA Code recommends that the Board should appoint one of its independent non-executive Directors to be the Senior Independent Director. However, given the size and maturity of the Company it has been decided to defer the appointment of a Senior Independent Director. If shareholders have concerns over an issue that the normal channels of communication (through the Chairman, the Chief Executive Officer or the Chief Financial Officer) have failed to resolve or for which such channels of communication are inappropriate, they are invited to contact either of the Independent non-executives.

The Board has created four committees – Audit, Risk, Reserves and Remuneration Committees– each with written terms of reference and formally delegated duties which are outlined above.

The *Principle10 – Communication*

Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Company ensures a printed Annual Report is delivered to each shareholder, and also made available on the Company's website. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting and virtual or in person briefing as and when they are arranged. The outcome of all shareholder votes are disclosed in a clear and transparent manner via a RNS and on the Company's website, as required by the QCA Code.

Pursuant to its obligations under AIM Rule 26 of the AIM Rules, the Company includes information such as historical Annual Reports, Notices of General Meetings and RNS announcements on its website. The Company also lists contact details on its website, should shareholders wish to communicate with the Board.

Governance Report (continued)

The Company intends to include, where relevant, in its Annual Report, any matters of note arising from the Audit or Remuneration Committees.

Given the size of the Company, the Board is of the opinion that no formal communication structures are required at this time.

The Company is a small company with a modest resource base. The Company has a clear mandate to optimise the allocation of limited resources to support its development plans. As such, the Company strives to maintain a balance between conservation of limited resources and maintaining robust corporate governance practices. As the Company evolves, the Board is committed to enhancing the Company's corporate governance policies and practices deemed appropriate for the size and maturity of the organisation.

Set out below are the Company's corporate governance practices for the year ended 30 June 2021.

Committees

The Company has established audit, remuneration, reserves and risk committees.

Reserves Committee

From Admission to AIM Reserves Committee will periodically review and consider the Company's independent reserves evaluator or auditor and the Company's procedures for providing information to such evaluator or auditor. The key duties of the committee will be:

- review the Company's procedures relating to the disclosure of information with respect to oil and gas activities;
- review the Company's procedures for providing information to the qualified reserves evaluator or auditor who reports on reserves data;
- meet with management and the qualified reserves evaluator or auditor to review the reserves data and the report of the qualified reserves evaluator or auditor and to determine whether any restrictions affect the ability of the qualified reserves evaluator or auditor to report on reserves data without reservation
- review and recommend to the Board for approval the filing of the any report on reserves data by the qualified reserves evaluator or auditor;
- review and recommend to the Board for approval the content and filing of Company Announcements on reserves data by the qualified reserves evaluator or auditor; and
- assist the Board in its compliance with legal and regulatory requirements.

The Reserves Committee will comprise Christian Wilms who will act as chairman of the committee, Joe Darby, and the CEO, Steve Brown. This appointment of chairman will be kept under review as the Company develops and in light of any future non-executive Board appointments. The frequency and timing of the meetings will differ according to the needs of the Company.

Governance Report (continued)

Audit Committee

From admission to AIM the Audit Committee has responsibility for, among other things, the monitoring of the integrity of the financial statements of the Company and its Enlarged Group and the involvement of the Group's auditors in that process. It focuses in particular on compliance with accounting policies and ensuring that an effective system of external audit and financial control is maintained, including considering the scope of the annual audit and the extent of the non-audit work undertaken by external auditors and advising on the appointment of external auditors. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports remains with the Board. The Audit Committee will meet at least three times a year at the appropriate times in the financial reporting and audit cycle.

The members of the Audit Committee are Timothy Feather, who acts as chairman of the committee, and Joseph Darby.

The Group's external auditor is PKF Littlejohn LLP who have served as external auditor to the subsidiary and have audited the financial statements of the subsidiary for the year ended 30 June 2017 and all periods since. As the Company was incorporated within the last twelve months the audit has not as yet gone out to tender. The Audit Committee closely monitors the level of audit and non-audit services that they provide to the Company and Group.

Having assessed the performance, objectivity and independence of the auditors, the Committee will be recommending the reappointment of PKF Littlejohn LLP as auditors to the Company at the 2021 Annual General Meeting.

The Audit Committee was formed post reporting date upon the admission to trading on AIM, a market of the London Stock Exchange. For the year to 30 June 2021 the committee considered the following key issues in relation to the Financial Statements:

Issue	Action
• Accounting policies	The Committee reviewed and discussed the significant accounting policies with management and the external auditor and reached the conclusion that each policy was appropriate to the Group.
• Accounting for the Reverse Takeover ("RTO")	The Committee assessed the transacrtion and determined that the reverse acquisition did not constitute a business combination and was accounted for in accordance with IFRS 2 Share-based payment. Other major assumptions and judgements in relation to the RTO were: 1. Placing a valuation of the assets being acquired; and 2. Determining the difference between the deemed cost and the fair value of the net assets acquired
• Carrying value of investment in Orcadian Energy (CNS) Ltd	The Committee reviewed the impairment assessment report prepared by management and agreed that given the reasonable expectation that the Group will achieve its business objectives and that no

Issue	Action
	impairment to the value of the investment in Orcadian Energy (CNS) Ltd was required as at 30 June 2021.
• Going Concern review	The Committee considered the ability of the Group to operate as a Going Concern considering the cash flow forecast for the next 12 months and the Group's ability to raise additional funds in the market. It was determined by the Committee that it was reasonable to expect that the Group has sufficient funding in order to achieve its 12 month milestone targets and that it was appropriate for the Financial Statements to be prepared on a going concern basis.
• Review of audit and non-audit services and fees	The external auditor is not engaged by the Group to carry out any non-audit work in respect of which it might, in the future, be required to express an audit opinion. The Committee reviewed the fees charged for the provision of audit and non-audit services and determined that they were in line with fees charged to companies of similar size and stage of development. The Committee considered and was satisfied the external auditor's assessment of its own independence.

Remuneration Committee

The remuneration committee will review the performance of the executive directors and make recommendations to the Board on matters relating to their remuneration and terms of employment. The committee will also make recommendations to the Board on proposals for the granting of share awards and other equity incentives pursuant to any share award scheme or equity incentive scheme in operation from time to time. The Remuneration Committee will meet at least twice a year.

The members of the Remuneration Committee are Joseph Darby who acts as chairman of the committee, Christian Wilms and Timothy Feather.

Leadership

The Company is headed by an effective Board which is collectively responsible for the long-term success of the Company.

The role of the Board - The Board sets the Company's strategy, ensuring that the necessary resources are in place to achieve the agreed strategic priorities, and reviews management and financial performance. It is accountable to shareholders for the creation and delivery of strong, sustainable financial performance and long-term shareholder value.

Governance Report (continued)

To achieve this, the Board directs and monitors the Company's affairs within a framework of controls which enable risk to be assessed and managed effectively. The Board also has responsibility for setting the Company's core values and standards of business conduct and for ensuring that these, together with the Company's obligations to its stakeholders, are widely understood throughout the Company. The Board has a formal schedule of matters reserved which is provided later in this report.

Board Meetings - The core activities of the Board are carried out in scheduled meetings of the Board. These meetings are timed to link to key events in the Company's corporate calendar and regular reviews of the business are conducted. Additional meetings and conference calls are arranged to consider matters which require decisions outside the scheduled meetings. During the year, the Board met on eight occasions.

Outside the scheduled meetings of the Board, the Directors maintain frequent contact with each other to discuss any issues of concern they may have relating to the Company or their areas of responsibility, and to keep them fully briefed on the Company's operations.

Matters reserved specifically for the Board - The Board has a formal schedule of matters reserved that can only be decided by the Board. The key matters reserved are the consideration and approval of;

- The Company's overall strategy;
- Financial statements and dividend policy;
- Management structure including succession planning, appointments and remuneration; material acquisitions and disposal, material contracts, major capital expenditure projects and budgets;
- Capital structure, debt and equity financing and other matters;
- Risk management and internal controls;
- The Company's corporate governance and compliance arrangements; and
- Corporate policies;

Summary of the Board's work in the year – During the year, the Board considered all relevant matters within its remit, but focused in particular on the establishment of the Company and the identification of a suitable investment opportunity for the Company to pursue.

Attendance at meetings (Company and subsdiary level):

	Number held and entitled to attend	Number attended
Joseph Darby	8	8
Stephen Brown	8	8
Alan Hume	8	8
Gregory Harding	8	7
Christian Wilms	8	6
Timothy Feather	1	1
Julia Cane-Honeysett*	8	1

*Julia Cane-Honeysett is a director of the subsidiary company Orcadian Energy (CNS) Ltd, and not of the parent company Orcadian Energy Plc.

Governance Report (continued)

The Board is pleased with the high level of attendance and participation of Directors at Board and committee meetings.

The Chairman sets the Board Agenda and ensures adequate time for discussion.

Non-executive Directors - The non-executive Directors bring a broad range of business and commercial experience to the Company and have a particular responsibility to challenge independently and constructively the performance of the Executive management (where appointed) and to monitor the performance of the management team in the delivery of the agreed objectives and targets.

All directors with the exception of the CEO and have been appointed for an initial term of 12 months, which may, subject to satisfactory performance and re-election by shareholders, be extended by mutual agreement.

Other governance matters - All of the Directors are aware that independent professional advice is available to each Director in order to properly discharge their duties as a Director. In addition, each Director and Board committee has access to the advice of the Company Secretary. The Company Secretary - The Company Secretary is Ben Harber. He is responsible for the Board complying with UK procedures.

Effectiveness

For the period under review the Board comprised of a Chief Executive Office, a Non-Executive Chairman, a Technical Director, a Chief Financial Officer and two independent non-executive Directors. Biographical details of the Board members are set out on page 5 of this report.

The Directors are of the view that the Board and its committees consist of Directors with an appropriate balance of skills, experience, independence and diverse backgrounds to enable them to discharge their duties and responsibilities effectively.

Independence - The non-executive Directors bring a broad range of business and commercial experience to the Company. The Board considers two of the non-executive Directors to be independent in character and judgement.

Appointments – the Board is responsible for reviewing and the structure, size and composition of the Board and making recommendations to the board with regards to any required changes.

Commitments – All Directors have disclosed any significant commitments to the Board and confirmed that they have sufficient time to discharge their duties.

Induction - All new Directors received an induction as soon as practical on joining the Board.

Conflict of interest - A Director has a duty to avoid a situation in which he or she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the interests of the Company. The Board had satisfied itself that there is no compromise to the independence of those Directors who have appointments on the Boards of, or relationships with, companies outside the Company. The Board requires Directors to declare all appointments and other situations which could result in a possible conflict of interest.

Governance Report (continued)

Board performance and evaluation – Orcadian Energy Plc has a policy of appraising Board performance annually. Having reviewed various approaches to Board appraisal, it has concluded that for a Company of its current scale, an internal process in which all Board members submit answers to a questionnaire that considers the functionality of the Board and its committees is most appropriate at this stage.

Accountability

The Board is committed to providing shareholders with a clear assessment of the Company's position and prospects. This is achieved through this report and as required other periodic financial and trading statements.

Internal controls

The Board of Directors reviews the effectiveness of the Company's system of internal controls in line with the requirement of the Code. The internal control system is designed to manage the risk of failure to achieve its business objectives. This covers internal financial and operational controls, compliances and risk management. The Company has necessary procedures in place for the year under review and up to the date of approval of the Annual Report and financial statements. The Directors acknowledge their responsibility for the Company's system of internal controls and for reviewing its effectiveness. The Board confirms the need for an ongoing process for identification, evaluation and management of significant risks faced by the Company. The Directors carry out a risk assessment before signing up to any commitments.

J Darby

Joseph Darby
Chairman and Non-Executive Director

15 December 2021

DIRECTOR'S REMUNERATION REPORT

The Company has an established remuneration committee. The Committee reviews the scale and structure of the Directors' fees, taking into account the interests of shareholders and the performance of the Company and directors.

The items included in this report are audited unless otherwise stated.

Statement of Orcadian Energy PLC's Policy on Directors' Remuneration by the Chairman of the Remuneration Committee

As Chairman of the Remuneration Committee I am pleased to introduce our Directors' Remuneration Report. One of the Remuneration Committee's aims is to provide clear, transparent remuneration reporting for our shareholders which adheres to the best practice corporate governance principles that are required for listed organisations.

The Directors' Remuneration Policy, which is set out on pages 17 to 21 of this report, will be submitted to shareholders for approval at our Annual General Meeting.

A key focus of the Directors' Remuneration Policy is to align the interests of the Directors to the long-term interests of the shareholders and aims to support a high-performance culture with appropriate reward for superior performance, without creating incentives that will encourage excessive risk taking or unsustainable company performance. This is underpinned through the implementation and operation of incentive plans.

Key Activities of the Remuneration Committee

The key activities of the Remuneration Committee are:

- to determine and agree with the Board the framework or broad policy for the remuneration of the Company's chairman, chief executive, the executive directors, the company secretary and such other members of the executive management as it is designated to consider;
- in determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the QCA Code (the "Code") and associated guidance. The objective of such policy shall be to ensure that members of the executive management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company;
- recommend and monitor the level and structure of remuneration for senior management;
- when setting remuneration policy for directors, review and have regard to the remuneration trends across the Company, and review the on-going appropriateness and relevance of the remuneration policy;
- obtain reliable, up-to-date information about remuneration in other companies. To help it fulfil its obligations the Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary, within any budgetary restraints imposed by the Board;

- be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
- approve the design of, and determine targets for, any performance related pay schemes operated by the Company and approve the total annual payments made under such schemes;
- review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive directors, company secretary and other designated senior executives and the performance targets to be used;
- ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised; and
- oversee any major changes in employee benefits structures throughout the Company.

Members

The Remuneration Committee comprises the following independent Non-Executive Directors:

Name	Position	Date of appointment
Joseph Darby	Chairman	15 July 21
Timothy Feather	Member	15 July 21
Christian Wilms	Member	15 July 21

Remuneration Components

The Company remunerates directors in line with best market practice in the industry in which it operates. The components of Director remuneration that are considered by the Board for the remuneration of directors in future years are likely to consist of:

- Base salaries
- Pension and other benefits
- Annual bonus
- Share incentive arrangements

The Executive Director has entered into a service agreement with the Company and the Non-Executive Directors have entered into letters of appointment with the Company.

All such contracts impose certain restrictions as regards the use of confidential information and intellectual property and the Executive Director's service contract imposes restrictive covenants which apply following the termination of the agreement.

Other Matters

The Company does not currently have any annual or long-term incentive schemes or any other scheme interests in place for any of the Directors.

The Company has established a workplace pension scheme but it does not presently have any employees qualifying under the auto-enrolment pension rules who have not opted out of the scheme. It does not currently pay pension amounts in relation to Directors' remuneration. The Company has not paid out any excess retirement benefits to any Directors or past Directors. The Company has not paid any compensation to past Directors.

Recruitment Policy

Base salary levels will take into account market data for the relevant role, internal relativities, their individual experience and their current base salary. Where an individual is recruited at below market norms, they may be re-aligned over time (e.g. two to three years), subject to performance in the role. Benefits will generally be in accordance with the approved policy.

For external and internal appointments, the Board may agree that the Company will meet certain relocation and/or incidental expenses as appropriate.

Payment for Loss of Office

The Committee will honour Executive Directors' contractual entitlements. Service contracts do not contain liquidated damages clauses. If a contract is to be terminated, the Committee will determine such mitigation as it considers fair and reasonable in each case. There is no agreement between the Company and its Executive Directors or employees, providing for compensation for loss of office or employment that occurs because of a takeover bid.

The Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising in connection with the termination of an Executive Director's office or employment.

Service Agreements and Letters of Appointment

The Executive Director's service agreement had an initial term of two years and may subsequently be terminated by the Company or the Executive Director by giving 6 months' notice.

Name	Date of service agreement	Notice period by Company (months)	Notice period by Director (months)
Stephen Brown	1 July 2021	24	12
Greg Harding	1 July 2021	12	6
Alan Hume	1 July 2021	12	12

The Non-Executive Directors of the Company do not have service contracts but are appointed by letters of appointment. Each Non-Executive Director's term of office runs for an initial period of one year unless terminated earlier upon written notice or upon their resignations.

The terms of the Non-Executive Directors' appointments are subject to their re-election by the Company's shareholders at any Annual General Meeting at which the Non-Executive Directors stand for re-election.

The details of each Non-Executive Director's current term are set out below:

Name	Date of service agreement	Current term (years)	Notice period by Company (months)	Notice period by Director (months)	Date of resignation
Joseph Darby	1 April 2021	3	1	1	-
Christian Wilms	1 May 2021	3	1	1	-
Timothy Feather	1 May 2021	3	1	1	-

Executive Directors' Remuneration

The table below sets out the remuneration received by each Executive Director for the years ended 30 June 2021 and 2020. Mr. Stephen Brown was the highest paid Director:

Executive Directors	Basic salary 2021 £	Pension 2021 £	Share based payments 2021 £	Other* 2021 £	Total 2021 £
Stephen Brown	150,000	-	-	-	150,000
Greg Harding	19,000	-	-	-	19,000
Alan Hume	112,500	-	-	-	112,500
Total	281,500	-	-	-	281,500

Executive Directors	Basic salary 2020 £	Pension 2020 £	Share based payments 2020 £	Other* 2020 £	Total 2020 £
Stephen Brown	53,333	-	-	-	53,333
Greg Harding	-	-	-	-	-
Alan Hume	50,000	-	-	-	50,000
Total	103,333	-	-	-	103,333

Non-Executive Directors' Remuneration

The table below sets out the remuneration received by each Non-Executive Director during the years ended 30 June 2021 and 2020:

	Basic salary 2021 £	Pension 2021 £	Share based payments 2021 £	Other* 2021 £	Total 2021 £
Joseph Darby	5,625	-	-	-	5,625
Christian Wilms	7,500	-	-	-	7,500
Timothy Feather	2,500	-	-	-	2,500
Total	15,625	-	-	-	15,625

	Basic salary 2020 £	Pension 2020 £	Share based payments 2020 £	Other* 2020 £	Total 2020 £
Joseph Darby	-	-	-	-	-
Christian Wilms	10,000	-	-	-	10,000
Timothy Feather	-	-	-	-	-
Total	10,000	-	-	-	10,000

J Darby

Joseph Darby
Director & Remuneration Committee Chairman

15 December 2021

DIRECTOR'S REPORT
FOR THE YEAR ENDED 30 JUNE 2021

The Directors present their report and the financial statements for Orcadian Energy PLC ("the Company") for the year ended 30 June 2021.

Principal activities
The Company evaluates and manages oil and gas assets and holds a 100% interest in, and is licence administrator for, UKCS Seaward Licences P2244, which contains the Pilot and Harbour heavy oil discoveries, P2320, which contains the Blakeney, Feugh, Dandy & Crinan discoveries and P2482 which contains the Elke and Narwhal discoveries. The Group also has a 50% working interest in P2516, which contains the Fynn discoveries. P2516 is administered by the Parkmead Group and covers blocks 14/20g and 15/16g, which lie midway between the Piper and Claymore fields, 180 kms due East of Wick

Review of business and financial performance
A full review of the operations, financial position and outlook are set out in the Chairman's Statement.

Subsequent Events
Refer to note 25 for details on events subsequent to balance date.

Results and dividend
The Company's loss for the year ended 30 June 2021 was £296,338 (2020: £230,519).

The directors do not recommend the payment of a dividend (2020: £nil).

Balance Sheet
At 30 June 2021 the Company had a cash balance of £179,556 (2020: £31,318) and total assets of £2,048,561 (2020: £1,393,360).

Financial Risk Management
The company has a limited cash balance, which is held at Barclays, a bank with an A rating. Financial risk management policies are set out in note 23.

Policy and practice on payment of creditors
It is the Company's policy to settle all amounts owing to creditors on a timely basis and in accordance with the terms of credit agreed with each supplier.

Directors
The directors who have held office up to the date of the approval of these financial statements were:

	Date appointed
Joseph Darby	8 June 2021
Stephen Brown	29 March 2021
Gregory Harding	8 June 2021
Alan Hume	29 March 2021
Christian Wilms	8 June 2021
Timothy Feather	8 June 2021

DIRECTORS' REPORT (CONTINUED)

The directors of the Company have a pre-existing connection with the business fo the Group, with the majority of the Directors of the Company also serving as directors of the wholly owned subsidiary Orcadian Energy (CNS) Ltd. The directors of Orcadian Energy (CNS) Ltd as at reporting date are as follows:

	Date appointed
Joseph Darby	19 June 2018
Stephen Brown	24 March 2014
Gregory Harding	19 June 2018
Alan Hume	19 June 2018
Christian Wilms	1 October 2019
Julia Cane-Honeysett	24 March 2014

Directors' share interests

The number of ordinary shares of the Company in which the Directors were beneficially interested at 30 June 2021 was:

	30 June 2021		30 June 2020	
Joseph Darby	420,000	0.80%	140,000	0.80%
Stephen Brown	14,425,188	27.63%	4,808,396	27.63%
Julia Cane-Honeysett	14,739,495	28.24%	4,913,165	28.24%
Gregory Harding	8,191,680	15.69%	2,730,560	15.69%
Alan Hume	3,326,247	6.37%	1,108,749	6.37%
Christian Wilms	420,000	0.80%	140,000	0.80%
Timothy Feather	-	-	-	-

As at 30 June 2021 Company Directors Alan Hume held £135,000 in loan notes convertible in to shares. These loans were all converted in to 482,142 Ordinary Shares post reporting date on 15 July 2021.

On 11 May 2021, the Company acquired the entire issued share capital of Orcadian Energy (CNS) Ltd, a private company incorporated in the United Kingdom, by way of a share swap arrangement. The beneficial interest of directors as at 30 June 2020 is the interest in subsidiary Orcadian Energy (CBS) Ltd, which prior to the share swap arrangement was a standalone company.

Political donations
The Group made no political donations during the year.

Charitable donations
There were no charitable donations made by the Group in the year under review.

DIRECTORS' REPORT (CONTINUED)

Going concern

The financial statements have been prepared on a going concern basis. The Group is not yet revenue generating and an operating loss has been reported. The Directors have reviewed a detailed forecast based on the funds raised, and including all required spend to meet licence requirements. This forecast has been stress tested by management in reaching their going concern conclusion. Having made due and careful enquiry, the Directors are of the opinion that the Group has adequate working capital to execute its operations over the next 12 months. The Directors, therefore, have made an informed judgement, at the time of approving financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The Directors acknowledge that COVID-19 has had and may continue to have significant adverse impacts on the global economy and capital markets. However, the Company has been able to raise funds during this time and are of the opinion that COVID-19 does not pose a risk sufficient to call in to question the Group's ability to operate as a Going Concern.the Directors are of the opinion that the Group has adequate working capital to be able to meet its obligations as they fall due over the next 12 months

As a result, the Directors have continued to adopt the going concern basis of accounting in preparing the annual financial statements for the year ended 30 June 2021.

Auditor
PKF Littlejohn LLP has signified its willingness to continue in office as auditor.

This report was approved and authorised for issue by the Board on 15 December 2021 and signed on its behalf by

AD Hume

Alan Hume
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business;

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that they meet their responsibilities under the AIM rules.

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

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTOR'S OF ORCADIAN ENERGY PLC

Opinion

We have audited the financial statements of Orcadian Energy Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Parent Company's Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Parent Company's Statement of Changes in Equity, the Consolidated Statement of Cashflows and the Parent Company's Statement of Cashflows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2021 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included reviewing cash flow forecasts covering the next 12 months and challenging the key inputs and assumptions underpinning said forecasts, ascertaining the group's current cash position and reviewing the group's post year-end performance.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Our application of materiality

The scope of our audit was influenced by our application of materiality. The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures. We also determine a level of performance materiality which we use to assess the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. In determining our overall audit strategy, we assessed the level of uncorrected misstatements that would be material for the financial statements as a whole.

Materiality for the consolidated financial statements was set as £39,000 based upon gross assets. Materiality has been based upon gross assets due to the group still in the exploration phases and thus the key balance of interest is the capitalised exploration costs. Performance materiality and the triviality threshold for the consolidated financial statements was set at £27,300 and £1,950 respectively.

Materiality for the parent company was set as £1,000 based upon gross assets. Gross assets was considered to be an appropriate basis due to the fact that the parent company only holds one asset, the investment in the subsidiary, and incurred no expenditure in the year. Performance materiality and the triviality threshold for the Company was set at £700 and £50 respectively.

We also agreed to report any other differences below that threshold that we believe warranted reporting on qualitative grounds.

Our approach to the audit

In designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular we looked at areas involving significant accounting estimates and judgements by the directors and considered future events that are inherently uncertain, such as the recoverable value of the Company's investment in subsidiaries and the recoverable value of the capitalised exploration expenditure within the group. We also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

A full scope audit was performed on the complete financial information of all 2 components of the group by us.

Key audit matters

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

Key Audit Matter	How our scope addressed this matter
Carrying value of intangible assets	
As at 30 June 2021 and 30 June 2020 the carrying value of intangible assets totalled £1,814,615 and £1,283,797, respectively. The intangible assets relate to capitalised costs for the exploration, evaluation and development costs in relation to exploration. **The eligibility of capitalised exploration expenditure under IFRS 6 is a significant risk, given the materiality of the overall balance and the judgement involved with the assessment of the transactions.** **There is a risk these figures are materially misstated if they have been inappropriately capitalised, in respect of IFRS 6 capitalisation criteria, or are impaired at the year-end.** **See note 3.1 for the disclosure in respect of estimation of the recoverable value of these intangible assets. See note 13 for disclosure of the additions to capitalised exploration costs.**	**Our work in this area included but was not limited to:** • Testing a sample of additions to ensure costs have been capitalised in accordance with IFRS 6; • Reviewing costs expensed during the year to identify any costs that should have been capitalised under IFRS 6; • Obtaining confirmation that the group has good title to the applicable exploration licences, including new licenses obtained during the year; • Reviewing management's consideration of impairment and consider whether there are any indicators of impairment asper IFRS 6; and • Considering the appropriateness of the amortisation policy and ensuring that the amortisation charge for the year is correct. From performing the aforementioned procedures, no indicators of impairment were noted and it was assessed that due to the recent third-party confirmation of proved resources, the recoverable value of the intangibles exceeds the carrying value as at 30 June 2021. The costs capitalised during the period were found to be accurate and capitalised in accordance with IFRS 6.
Business combinations treatment and disclosure	
In May 2021, Orcadian Energy Plc acquired Orcadian Energy (CNS) Ltd via a share for share swap. **Due to the nature of this acquisition, there is a risk that it has not been treated appropriate and has not been disclosed in accordance with IFRS 3 and/or other IFRSs.**	**Our work in this area included but was not limited to:** • Obtaining the agreements in respect of the transaction and ascertaining the key terms of the transaction; • Reviewing the accounting treatment and accounting entries of the transaction in the consolidation

See note 4 for disclosure regarding the method adopted to account for the acquisition and the composition of the resulting merger reserve.	accounts and to ensure that it has been accounted for appropriately; • Reviewing the key assumptions applied in by management's in this process; and • Ensuring that the disclosures made in the financial statements are in accordance with IFRS. From the performance of the aforementioned procedures it was assessed that the acquisition constituted a group re-organisation due to the two companies being under common control at the date of acquisition. As such, the acquisition was correctly treated using the predecessor value method with the comparatives showing the results of the group as if the acquisition had taken place at 1 June 2020. The acquisition has been appropriately and accurately disclosed.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report[25]. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the group and parent company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group and parent company financial statements, the directors are responsible for assessing the group and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have 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 (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research and experience of the sector.

- We determined the principal laws and regulations currently relevant to the group and parent company in this regard to be those arising from UK Company Law, rules applicable to issuers on the AIM Market, Disclosure and Transparency Rules and international accounting standards.

- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the Directors. We considered the event of compliance with those laws and regulations as part of our procedures on the related financial statement items. We communicated laws and regulations throughout our audit team and remained alert to any indications of non-compliance throughout the audit of the group.

- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group with those laws and regulations. These procedures included, but were not limited to:
  - Discussions with Management regarding compliance with laws and regulations by the parent company and the component;
  - Reviewing board minutes; and
  - Review of regulatory news announcements made post year-end.

- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: *www.frc.org.uk/auditorsresponsibilities*. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Joseph Archer

Joseph Archer (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

15 December 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 £	2020 £
Revenue		-	-
Administrative expenses	5	(258,909)	(200,225)
Operating Loss		(258,909)	(200,225)
Finance costs	9	(44,349)	(40,294)
Other income	7	3,000	10,000
Listing costs		(76,500)	-
Loss before tax		(376,758)	(230,519)
Taxation	10	80,420	-
Loss for the year		(296,338)	(230,519)
Other comprehensive income:			
Items that will or may be reclassified to profit or loss:			
Other comprehensive income		-	-
Total comprehensive income		(296,338)	(230,519)
Earnings per share	11	(1.34)	(1.32p)

All operations are continuing.

The notes on pages 45 to 66 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	2021 £	2020 £
Non-current assets			
Property, plant and equipment	12	1,842	107
Intangible assets	13	1,814,615	1,283,797
		1,816,457	1,283,904
Current assets			
Trade and Other Receivables	14	88,548	78,138
Cash and cash equivalents	15	179,556	31,318
		268,104	109,456
Total assets		2,084,561	1,393,360
Non-current liabilities			
Borrowings	17	(762,686)	(953,152)
		(762,686)	(953,152)
Current liabilities			
Trade and other payables	18	(328,601)	(250,596)
Borrowings	17	(1,100,000)	-
		(1,428,601)	(250,596)
Total liabilities		(2,191,287)	(1,203,748)
Net (liabilities) / assets		(106,726)	189,612
Equity			
Ordinary share capital	19	52,202	17,401
Share premium	19	-	563,561
Other reserve	4	(38,848)	-
Retained earnings		(120,080)	(391,350)
Total equity		(106,726)	189,612

The consolidated Financial Statements of Orcadian Energy PLC were approved by the Board of Directors and authorised for issue on 15 December 2021

Signed on behalf of the Board of Directors by: AD Hume
Alan Hume
Director

The notes on pages 45 to 66 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Note	2021 £
Non-current assets		
Investment in subsidiary	16	52,202
		52,202
Current assets		
Trade and Other Receivables	14	-
Cash and cash equivalents	15	-
		-
Total assets		52,202
Non-current liabilities		
Borrowings	17	-
		-
Current liabilities		
Trade and other payables	18	-
		-
Total liabilities		-
Net assets		52,202
Equity		
Ordinary share capital	19	52,202
Retained earnings		-
Total equity		52,202

Orcadian Energy PLC, company number 13298968, has used the exemption granted under s408 of the Companies Act 2006 that allows for the non-disclosure of the Income Statement of the parent company. The after-tax loss attributable to Orcadian Energy PLC for the three months to 30 June 2021 was £nil .

The Financial Statements were approved by the Board of Directors and authorised for issue on 15 December 2021.

Signed on behalf of the Board of Directors by:

AD Hume

Alan Hume
Director

The notes on pages 45 to 66 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2021

	Note	Ordinary Share capital £	Share premium £	Other reserve £	Retained earnings £	Total £
Balance as at 1 July 2019		17,346	492,215	-	(160,831)	348,730
Loss for the year and total comprehensive income		-	-	-	(230,519)	(230,519)
Proceeds of share issues (net of costs)	19	55	71,346	-	-	71,401
Balance as at 30 June 2020		17,401	563,561	-	(391,350)	189,612
Balance as at 1 July 2020		17,401	563,561	-	(391,350)	189,612
Loss for the year and total comprehensive income		-	-	-	(296,338)	(296,338)
Bonus issue of shares	19	34,801	(34,801)	-	-	-
Issue of shares	19	52,202	-	(52,202)	-	-
Transfer to other reserve	4	(52,202)	(528,760)	13,354	567,608	-
Balance as at 30 June 2021		52,202	-	(38,848)	(120,080)	(106,726)

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

Reserve	**Description and purpose**
Ordinary share capital	Represents the nominal value of shares issued
Share premium account	Amount subscribed for share capital in excess of nominal value
Other reserve	Reserve created in accordance with the acquisition of Orcadian Energy (CNS) Ltd on 11 May, 2021 (Refer to Note 4)
Retained earnings	Cumulative net gains and losses recognised in the Consolidated Statement of Comprehensive Income

The notes on pages 45 to 66 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2021

	Note	Ordinary Share capital £	Retained earnings £	Total £
Balance as at Incorporation 29 March 2021		-	-	-
Loss for the period and total comprehensive income		-	-	-
Issue of shares upon acquisition of subsidiary	19	52,202	-	52,202
Balance as at 30 June 2021		52,202	-	52,202

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

Reserve	**Description and purpose**
Ordinary share capital	Represents the nominal value of shares issued
Retained earnings	Cumulative net gains and losses recognised in the Consolidated Statement of Comprehensive Income

The notes on pages 45 to 66 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Loss before tax for the year		(376,758)	(230,519)
Adjustments for:			
Depreciation	12	217	694
Unrealised foreign exchange (gain)	5	(129,511)	-
(Increase) / decrease trade and other receivables	14	(10,409)	4,435
(Decrease) / Increase in trade and other payables	18	79,504	43,842
Finance costs in the year	9	44,349	40,294
Cash generated from operations		(392,608)	(141,254)
Income taxes paid		80,420	-
Net cash flows from operating activities		(312,188)	(141,254)
Investing activities			
Purchases of property, plant and equipment	14	(1,952)	-
Purchases of exploration and evaluation assets	13	(530,818)	(750,799)
Net cash used in investing activities		(532,770)	(750,799)
Financing activities			
Borrowings from Directors and Officers	21	-	(882)
Proceeds from issue of convertible loan notes	17	1,100,000	100,000
Repayment of convertible loan notes	17	(100,000)	-
Proceeds from loans obtained	17	-	814,260
Interest paid		(6,804)	-
Proceeds from issue of ordinary share capital	19	-	-
Net cash used in financing activities		993,196	913,378
Net increase in cash and cash equivalents		148,238	21,325
Cash and cash equivalents at beginning of period	15	31,318	9,993
Cash and cash equivalents and end of period	15	179,556	31,318

There were no significant non-cash transactions in the year to 30 June 2021.

The notes on pages 45 to 66 form part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2021

	Note	2021
		£
Cash flows from operating activities		
Loss for the year		-
Adjustments for:		
Depreciation	12	-
Decrease in trade and other receivables	4	-
Increase in trade and other payables	18	-
Finance costs in the year		-
Cash generated from operations		-
Income taxes paid		-
Net cash flows from operating activities		-
Investing activities		
Purchases of property, plant and equipment	12	-
Purchases of exploration and evaluation assets	13	-
Net cash used in investing activities		-
Financing activities		
Borrowings from Directors and Officers	21	-
Proceeds from issue of ordinary share capital	19	-
Net cash used in financing activities		-
Net increase in cash and cash equivalents		-
Cash and cash equivalents at beginning of period	15	-
Cash and cash equivalents and end of period	15	-

No cash was held by the Company during the period to 30 June 2021

The notes on pages 45 to 66 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Orcadian Energy PLC (the "company") is a public limited company which is domiciled and incorporated in England and Wales under the Companies Act 2006 with the registered number 13298968. The Company's registered office is 6th floor, 60 Gracechurch Street, London, EC3V 0HR, and it ordinary shares are admitted to trading on AIM, a market of the London Stock Exchange.

The principal activity of the Group is managing oil and gas assets and it holds a 100% interest in, and is administrator for, UKCS Seaward Licences P2244, which contains the Pilot and Harbour heavy oil discoveries, P2320, which contains the Blakeney, Feugh, Dandy & Crinan discoveries and P2482, which contains the Elke and Narwhal discoveries and a 50% interest in P2516.

The financial statements presented for Group are for the year ended 30 June 2021 and these have are shown alongside figures for the year ended 30 June 2020 for comparative purposes.

2. Summary of significant accounting policies

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

2.1. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRIC) and the Companies Act 2006 applicable to companies reporting under IFRS.

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

2.2. Consolidation and acquisitions

The financial statements consolidate the financial information of the Group and companies controlled by the Group (its subsidiaries) at each reporting date. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity, has the rights to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The results of subsidiaries acquired or sold are included in the financial information from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the results of acquired subsidiaries to bring their accounting policies into line with those used by the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation. The financial statements of all Group companies are adjusted, where necessary, to ensure the use of consistent accounting policies.

The Company's shares were admitted to trading on AIM, a market operated by the London Stock Exchange, on 15 July 2021. These financial statements are the Company's first subsequent to its admission to AIM. In connection with the admission to AIM, the Group undertook a Group reorganisation of its corporate structure which resulted in the Company becoming the ultimate holding company of the Group. Prior to the reorganisation there was no ultimate holding company as Orcadian Energy (CNS) Ltd ("CNS") was a standalone entity. The transaction was accounted for as a capital reorganisation rather than a reverse acquisition since it did not meet the definition of a business combination under IFRS 3. In a capital reorganisation, the consolidated financial statements of the Group reflect the predecessor carrying amounts of CNS with comparative information of CNS presented for all periods since no substantive economic changes have occurred. The difference arising on acquisition has been accounted for with the recognition of a merger reserve on the balance sheet following the reorganisation of the share capital of the Group at the point of completion of the transaction.

2.3. Going concern

The financial statements have been prepared on a going concern basis. The Group is not yet revenue generating and an operating loss has been reported. The Directors have reviewed a detailed forecast based on the funds raised, and including all required spend to meet licence requirements. This forecast has been stress tested by management in reaching their going concern conclusion. Having made due and careful enquiry, the Directors are of the opinion that the Group has adequate working capital to execute its operations over the next 12 months. The Directors, therefore, have made an informed judgement, at the time of approving financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The Directors acknowledge that COVID-19 has had and may continue to have significant adverse impacts on the global economy and capital markets. However, the Company has been able to raise funds during this time and are of the opinion that COVID-19 does not pose a risk sufficient to call in to question the Group's ability to operate as a Going Concern. The Directors are of the opinion that the Group has adequate working capital to be able to meet its obligations as they fall due over the next 12 months

As a result, the Directors have continued to adopt the going concern basis of accounting in preparing the annual financial statements for the year ended 30 June 2021.

2.4. Changes in accounting policies

2.4.1. New standards, amendments to standards and interpretations

i) New and amended standards adopted by the Group

During the financial year, the Group has adopted the following new IFRSs (including amendments thereto) and IFRIC interpretations that became effective for the first time.

Standard	Impact on initial application	Effective date
IFRS 3 (amendments)	Definition of a Business	01 January 2020
IFRS standards (amendments)	References to the Conceptual Framework	01 January 2020
IAS 1 (amendments)	Definition of Material	01 January 2020
IAS 8 (amendments)	Definition of Material	01 January 2020
IFRS 9, IAS 39 and IFRS 7 (amendments)	Interest Rate Benchmark Reform	01 January 2020
IFRS 3 (amendments)	Definition of a Business	01 January 2020
		01 January 2020

IFRS standards (amendments)	References to the Conceptual Framework	
IFRS 3 (amendments)	Definition of a Business	01 January 2020
IFRS standards (amendments)	References to the Conceptual Framework	01 January 2020
IAS 1 (amendments)	Definition of Material	01 January 2020
IAS 8 (amendments)	Definition of Material	01 January 2020

None of the standards or interpretations that came into effect for the first time for the financial year beginning 1 July 2020 had a material impact on the Group.

2.4.2. New standards and amended standards and interpretations issued but not yet effective for the financial year beginning 1 July 2021

At the date of approval of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not been adopted by the UK):

Standard	Impact on initial application	Effective date
IFRS standards (amendments)	Interest rate benchmark reform	01 January 2021
IFRS 3 (amendments)	Business combinations	01 January 2022
IAS 37 (amendments)	Onerous contracts	01 January 2022
IFRS standards (amendments)	2018-2020 annual improvement cycle	01 January 2022
IAS 16 (amendments)	Proceeds before intended use	01 January 2022
IFRS 17	Insurance Contracts	01 January 2023
IFRS 17 (amendments)	Insurance contracts	01 January 2023
IAS 1 (amendments)	Reclassification of liabilities as current or non-current	01 January 2023

The new and amended Standards and Interpretations which are in issue but not yet mandatorily effective is not expected to be material.

2.5. Foreign currency

2.5.1. Functional and presentation currency

Items in the company's financial statements are measured in the currency of the primary economic environment in which the entity operates (functional currency). The functional currency of the Company is Pounds sterling (£).

Monetary amounts in these financial statements are rounded to the nearest £.

2.5.2. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. 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 income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs.' All other foreign exchange gains and losses are presented in the income statement within 'Other (losses)/gains.'

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets measure at fair value are included in other comprehensive income.

2.6. Government grants

The Group recognises an unconditional government grant in profit or loss as other income when the grant becomes receivable.

2.7. Taxation

Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

R&D tax credits are recognised through the Consolidated Statement of Comprehensive Loss upon receipt of funds.

2.8. Leases

The Group assesses whether a contract is or contains a lease at the inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an administrative expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

2.9. Intangible assets

Exploration and evaluation expenditures (E&E)

The Group applies the successful efforts method of accounting for oil and gas assets, having regard to the requirements of IFRS 6 'Exploration for and Evaluation of Mineral Resources'. Costs incurred prior to obtaining the legal rights to explore an area are expensed immediately to the Statement of Comprehensive Income.

All licence acquisitions, exploration and evaluation costs are capitalised, a share of administration costs is capitalised insofar as they relate to exploration, evaluation and development activities. These costs are written off unless commercial reserves have been established or the determination process has not been completed and there are no indications of impairment. If a project is deemed commercial all of the attributable costs are transferred into Property, Plant and Equipment. These costs are then depreciated from the commencement of production on a unit of production basis.

2.10. Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. This includes consideration of the IFRS 6 impairment indicators for any intangible exploration and evaluation assets capitalised as intangible costs. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. This is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets, and the asset's value in use cannot be estimated to be close to its fair value. In such cases, the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, it is considered impaired and is written down to its recoverable amount.

In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset, unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease). An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Comprehensive Income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2.11. Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided on all property, plant and equipment to write off the cost less estimated residual value of each asset over its expected useful economic life on a straight-line basis at the following annual rates:

- Property, plant and equipment – 3 years straight line.

All assets are subject to annual impairment reviews.

2.12. Financial Instruments

2.12.1 Initial recognition
A financial asset or financial liability is recognised in the statement of financial position of the Group when it arises or when the Group becomes part of the contractual terms of the financial instrument.

2.12.2 Classification
Financial assets at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

(1) the asset is held within a business model whose objective is to collect contractual cash flows; and

(2) the contractual terms of the financial asset generating cash flows at specified dates only pertain to capital and interest payments on the balance of the initial capital.

Financial assets which are measured at amortised cost, are measured using the Effective Interest Rate Method (EIR) and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial liabilities at amortised cost

Financial liabilities measured at amortised cost using the effective interest rate method include current borrowings and trade and other payables that are short term in nature. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate ("EIR"). The EIR amortisation is included as finance costs in profit or loss. Trade payables other payables are non-interest bearing and are stated at amortised cost using the effective interest method.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss and other comprehensive income.

2.12.3. Derecognition

A financial asset is derecognised when:

(1) the rights to receive cash flows from the asset have expired, or

(2) the Group has transferred its rights to receive cash flows from the asset or has undertaken the commitment to fully pay the cash flows received without significant delay to a third party under an arrangement and has either (a) transferred substantially all the risks and the

assets of the asset or (b) has neither transferred nor held substantially all the risks and estimates of the asset but has transferred the control of the asset.

2.12.4 Impairment

The Group recognises a provision for impairment for expected credit losses regarding all financial assets. Expected credit losses are based on the balance between all the payable contractual cash flows and all discounted cash flows that the Group expects to receive. Regarding trade receivables, the Group applies the IFRS 9 simplified approach in order to calculate expected credit losses. Therefore, at every reporting date, provision for losses regarding a financial instrument is measured at an amount equal to the expected credit losses over its lifetime without monitoring changes in credit risk. To measure expected credit losses, trade receivables and contract assets have been Grouped based on shared risk characteristics.

2.13. Trade and other receivables

Trade and other receivables are initially recognised at fair value when related amounts are invoiced then carried at this amount less any allowances for doubtful debts or provision made for impairment of these receivables.

2.14. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and are subject to an insignificant risk of changes in value.

2.15. Share capital

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

2.16. Share premium

Share premium account represents the excess of the issue price over the par value on shares issued. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.17. Trade payables

These financial liabilities are all non-interest bearing and are initially recognised at the fair value of the consideration payable.

2.18. Convertible loan notes and borrowings

Convertible loan notes classified as financial liabilities and borrowings are recognised initially at fair value, net of transaction costs incurred. After initial recognition, loans are measured at the amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

2.19 Finance income and finance costs

Finance income comprises interest income on bank funds. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Finance costs comprise interest expense on borrowings. Borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.20 Earnings per share

Basic Earnings per share is calculated as profit attributable to equity holders of the parent for the period, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

2.21 Operating segments

The Chief Operating Decision Maker (CODM) is considered to be the Board of Directors. They consider that the Group operates in a single segment, that of oil and gas exploration, appraisal and development, in a single geographical location, the North Sea of the United Kingdom. As a result, the financial information of the single segment is the same as set out in the statement of comprehensive income, statement of financial position, statement of Changes in Equity and Statement of Cashflows.

2.22 Investment in Subsidiaries

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the Group (its subsidiaries). Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

2.23 Research and development

Research and development expenditure is charged to the Consolidate Statement of Comprehensive Income in the year in which the claim is submitted and recovered as prior to this the recovery of the income is not deemed to be probable.

3. Significant accounting estimates and judgements, estimates and assumptions

The preparation of financial statements using accounting policies consistent with IFRS requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of income and expenses. The preparation of financial statements also requires the Directors to exercise judgement in the process of applying the accounting policies. Changes in estimates, assumptions and judgements can have a significant impact on the financial statements.

Recoverable value of intangible assets

As at 30 June 2021, the Group held oil and gas exploration and evaluation intangible assets of £1,814,615 (2020: £1,283,797). The carrying values of intangible assets are assessed for indicaitions of impairment, as set out in IFRS 6, on an annual basis. As part of this impairment assessment, the recoverable value of the intangible assets is required to be estimated.

When estimating the recoverable value of the intangibles Management consider the proved, probably and potential resources per the latest CPR, likely production costs and the forecasted oil prices.

As a result of the budget exploration costs, the licenses being valid and the assessed recoverbale value of the intangibles being in excess of the carrying value, Management do not consider that any intangible assets are impaired as at 30 June 2021.

These estimates and assumptions are subject to risk and uncertainty and therefore a possibility that changes in circumstances will impact the assessment of impairment indicators.

There was only one critical judgement identified, apart from those involving estimations (which are dealt with separately above) that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Approach to account for the acquisition of Orcadian Energy (CNS) Ltd

The acquisition of Orcadian Energy (CNS) Ltd during the year via a share for share agreement, as detailed in note 4, falls outside of the scope of IFRS 3 as Orcadian Energy Plc at the time of the transaction did not meet the definition of a business. The acquisition constituted a group reorganisation since the two entities were under common control at the date of acquisition.

As such, the Directors were required to apply judgement in deciding the most appropriate way to account for this acquisition. The Directors decided to adopt the predecessor value approach which requires the assets and liabilities acquired being accounted for using their carrying values at the date of acquisition and the difference between the cost of the acquisition and the net assets of the legal subsidiary at the date of acquisition being taken to the merger reserve.

Furthermore, the Consolidated Statement of Comprehensive Loss, Consolidated Statement of Financial Position, Consolidate Statement of Changes in Equity and the Consolidated Statement of Cashflows have been presented to show the group as if it were in existence since the beginning of the comparative period.

4. Group reorganisation under common control

The acquisition met the definition of a group reorganisation due to the Company and the subsidiary being under common control at the date of acquisition. As a result, and since Orcadian Energy Plc did not meet the definition of a business per IFRS 3, the acquisition fell outside of the scope of IFRS 3 and the predecessor value method was used to account for the acquisition.

These consolidated financial statements represent a continuation of the consolidated financial statements of Orcadian Energy (CNS) Ltd and include:

a. The assets and liabilities of Orcadian Energy (CNS) Ltd at their pre-acquisition carrying amounts and the results for both periods; and
b. The assets and liabilities of the Company as at 11 May 2021 and it's results from 11 May to 30 June 2021.

On 11 May 2021, the Company issued 52,201,601 shares entire issued share capital of Orcadian Energy (CNS) Ltd.

The net assets of Orcadian Energy (CNS) Ltd at the date of acquisition was as follows:

	£
Property Plant & Equipment	1,357
Intangible Assets	1,719,292
Current Assets	447,425
Current Liabilities	(284,745)
Non-Current Liabilities	(1,869,975)
Net assets	13,354

The reserve that arose from the acquisition is made up as follows:

	Year ended 30 June 2021 £
As at start of year	-
Cost of the investment in Orcadian Energy (CNS) Ltd	52,202
Less: net assets of Orcadian Energy (CNS) Ltd at acqusition	(13,354)
As at end of year	38,848

5. Administrative expenses

	2021	2020
	£	£
Office costs, rates and services	18,672	18,649
Wages and salaries	128,125	60,000
Consultants and advisers	56,113	11,335
Audit fees (note 18)	38,090	8,000
Pre-award licence costs	-	17,821
Insurance	44,466	4,603
Other expenses	65,234	28,991
National Insurance	35,594	16,310
Foreign Exchange	(127,603)	33,822
Depreciation	217	694
	258,909	200,225

6. Auditor's Remuneration

During the year, the Company obtained the following services from the Company's auditors and its associates:

	2021	2020
	£	£
Audit of the financial statements	25,000	8,000
Transaction services	5,000	-
	30,000	8,000

7. Other Income

	2021	2020
	£	£
Consulting fees	3,000	-
Coronavirus support grant	-	10,000
Other Income	3,000	10,000

The Company undertook a minor consulting role during the year for which it billed £3,000.

As part of the Government's support for small businesses during the Coronavirus crisis a non-repayable Coronavirus support grant of £10,000 was provided to any business whose premises were eligible for Small Business Rate Relief as of 11 March 2020, having a rateable value up to £15,000. The Company qualified for this support and applied for and received the grant.

8. Staff numbers and costs

	Group 2021	Group 2020
Staff costs (including directors)	£	£
Wages and salaries	128,125	138,133
Social security costs	35,594	16,309
	163,719	154,442

No pension benefits are provided for any Directors (2020: £nil).

The average number of persons (including directors) employed by the Company during the year was:

Group and Company	2021	2020
Management and Administration	5	6
	5	6

9. Finance costs

	2021	2020
	£	£
Interest paid	44,349	40,293
	44,349	40,293

10. Taxation

Analysis of charge for the year:

	2021	2020
	£	£
Current income tax charge	–	–
R&D tax credits	80,420	-
Deferred tax charge	–	–
Total taxation credit/(charge)	80,420	–

Taxation reconciliation

The below table reconciles the tax charge for the year to the theoretical charge based on the result for the year and the corporation tax rate.

	2021 £	2020 £
Loss before income tax	(296,338)	(230,519)
Tax at the applicable rate of 19% (2020: 19%)	(56,304)	(43,799)
Effects of:		
R&D tax credits	80,420	-
Expenses not deducted for tax purposes	-	1,661
Unutilised tax losses	56,304	42,138
Total income tax credit / (expense)	80,420	-

Due to the nature of the expenditure incurred by the Company on the Offshore Steam Flood during the periods ending 30 June 2019 and 30 June 2020 claims were made under the SME R&D tax rebate provisions which resulted in refunds totalling £80,420.

As at 30 June 2021, the Group had unused tax losses of £139,767 (2020: £83,463) for which no deferred tax asset has been recognised. This is due to uncertainty over the availability of future taxable profits to offset these losses against.

11. Earnings per share

The calculation of the basic and diluted earnings per share is calculated by dividing the loss for the year for continuing operations for the Company by the weighted average number of ordinary shares in issue during the year.

There is no difference between the basic and diluted earnings per share as there were no securities on issue as at 30 June 2021 that would have a dilutive effect on earnings per share.

	2021 £	2020 £
Loss for the purposes of basic earnings per share being net loss attributable to the owners	(296,338)	(230,519)
Weighted average number of Ordinary Shares	22,167,804	17,362,614
Loss per share	(1.34p)	(1.32p)

The weighted average number of shares is adjusted for the impact of the acquisition as follows:

- Prior to the acquisition, the number of shares is based on Orcadian Energy (CNS) Ltd, adjusted using the share exchange ratio arising on the acquisition; and
- From the date of the acquisition, the number of shares is based on the Company.

12. Property, plant and equipment

	IT hardware & software £	Office equipment £	Total £
Cost			
As at 30 June 2019	2,842	202	3,044
Additions	-	-	-
As at 30 June 2020	2,842	202	3,044
Additions	1,952	-	1,952
As at 30 June 2021	4,794	202	4,996

	IT hardware & software £	Office equipment £	Total £
Depreciation			
As at 30 June 2019	2,092	151	2,243
Charged in the year	643	51	694
As at 30 June 2020	2,735	202	2,937
Charged in the year	217	-	217
As at 30 June 2021	2,952	202	3,154
Net book value as at 30 June 2021	1,842	-	1,842
Net book value as at 30 June 2020	107	-	107

The depreciation expense is recognised in administrative expenses as set out in note 6.

13. Intangible assets

	Oil and gas exploration assets £
Cost	
As at 30 June 2019	532,998
Additions	750,799
As at 30 June 2020	1,283,797
Additions	530,818
As at 30 June 2021	1,814,615

No general office expenses incurred during the year were capitalised (2020: £nil).

The carrying value of the prospecting and exploration rights is supported by the estimated resource and current market values as contained in the Competent Person's Report date 1 April 2021 which was prepared by Sproule B.V.

14. Trade and other receivables

Group	2021	2020
	£	£
VAT receivable	50,925	5,914
Prepayments relating to the issue of equity	13,500	-
Prepayments other	24,123	-
Amounts due from related parties	-	72,224
	88,548	78,138

Amounts due from related parties were unsecured, interest free and had no fixed repayment date.

The fair value of other receivables is the same as their carrying values as stated above.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Company does not hold any collateral as security.

15. Cash and cash equivalents

Group	2021	2020
	£	£
Cash at bank and in hand	179,556	31,318
	179,556	31,318

There is no material difference between the fair value of cash and cash equivalents and their book value.

16. Investment in subsidiary

Name	Address of the registered office	Nature of business	Proportion of ordinary shares held directly by parent (%)
Orcadian Energy (CNS) Ltd	6th floor, 60 Gracechurch Street, London, EC3V 0HR	Managing oil and gas assets	100

The acquisition of Orcadian Energy (CNS) Ltd took place on 11 May 2021. Refer to note 4 for further details.

17. Borrowings

	2021			
	Convertible loan note 2020	STASCO Loan	Convertible loan note 2021	Total
	£	£	£	£
As at 30 June 2020	100,000	853,152	-	953,152
Convertible loan note issues	380,000	-	720,000	1,100,000
Convertible loan note repayments	(100,000)	-	-	(100,000)
Interest accrued	-	39,045	-	39,045
Effect of foreighn exchange	-	(129,511)	-	(129,511)
As at 30 June 2021	380,000	762,686	720,000	1,862,686

Between July and December 2020 the Company issued £380,000 of convertible loan notes. In January 2021 £100,000 of convertible loan notes were repaid in cash and a further CLN for £100,000 was issued to a further lender. The term for these CLN's was three years with an interest rate of 12% per annum if they were redeemed. If conversion to Ordinary Shares no interest is applied.

In March 2021 the Company issued £705,000 of convertible loan notes, and in June 2021 the Company issued £15,000 of convertible loan notes. These CLN's had a term of one year and a zero interest rate.

Subsequent to reporting date on 15 July 2021, all CLNs were converted in to ordinary shares at a price of 28 pence each, which was a 30% discount to the fundraise price. In total 3,928,572 ordinary shares were issued in full discharge of the CLNs. No interest was paid on the CLNs as they were converted in to ordinary shares.

	2020			
	Convertible loan note 2018	STASCO Loan	Convertible loan note 2020	Total
	£	£	£	£
As at 30 June 2019	70,000	-	-	70,000
Convertible loan note issues	-	-	100,000	100,000
Convertible loan notes redeemed for shares	(70,000)	-	-	(70,000)
Loan drawdowns	-	814,260		814,260
Interest accrued	-	38,892	-	38,892
As at 30 June 2020	-	853,152	100,000	953,152

Convertible loan notes were exercised in the year leading to shares being issued for a total value of £71,400. No cash was received in consideration for these shares.

The STASCO loan was drawn down on 23 August 2019. The loan is repayable by 23 August 2023 and is subject to an interest rate at LIBOR plus 5% with interest accruing on a compounding basis.

On 20 March 2020 and 28 May 2020 the Company issued £50,000 of convertible loan notes on each of those dates.

18. Trade and other payables – due within one year

	2021	2020
	£	£
Trade payables	35,443	8,003
Accruals	276,133	242,593
Other creditor	17,025	-
	328,601	250,596

The carrying values of trade and other payables are considered to be a reasonable approximation of the fair value and are considered by the Directors as payable within one year.

19. Ordinary share capital and share premium

Group

Issued	Number of shares	Ordinary share capital £	Share premium £
As at 30 June 2019	17,345,610	17,346	492,215
Issue of shares	54,924	55	71,346
As at 30 June 2020	17,400,534	17,401	563,561
Transfer between reserves	-	34,801	(34,801)
Issued capital of Company at acquisition	1	-	-
Issue of shares upon acquisition of subsidiary	52,201,601	52,202	-
Transfer of Ltd paid up capital to reverse acquisition reserve	(17,400,534)	(52,202)	(528,760)
As at 30 June 2021	52,201,601	52,202	-

The issued capital of the Group for the period 1 July 2020 to 11 May 2021 is that of Orcadian Energy (CNS) Ltd. Upon completion of the acquisition the share capital of Orcadian Energy (CNS) Ltd was transferred to the Acquisition reserve (Refer to note 4) and the share capital of Orcadian Energy PLC was brought to account.

The ordinary shares confer the right to vote at general meetings of the Company, to a repayment of capital in the event of liquidation or winding up and certain other rights as set out in the Company's articles of association.

Company

Issued	Number of shares	Share capital £	Share premium £
Balance as at Incorporation 29 March 2021	1	-	-
Issue of shares upon acquisition of subsidiary	52,201,601	52,202	-
As at 30 June 2021	52,202,602	52,202	-

On 29 March 2021, the Company issued one new ordinary shares of £0.001 upon incorporation.

On 11 May 2021, the Company issued 52,202,601 new ordinary shares of £0.001 each at nominal value for the acquisition of 100% of the issued capital of Orcadian Energy (CNS) Ltd pursuant to a share swap arrangement (Refer to Note 4).

20. Related parties

20.1 Transactions with related parties

The Company had the following related party transactions:

(1) The Company makes use of an office at 70 Claremont Road which is currently provided to the Company by Mrs Julia Cane-Honeysett and Mr Stephen Brown at a rental of £1,000 per calendar month. The company pays for the services and business rates associated with the property.

20.2 Loans to/from related parties

During the year, several Directors and shareholders provided funds to the Company as a working capital injection.

The following balances are outstanding at the end of the reporting period in relation to these transactions:

	Amount due (to)/from related parties £
As at 30 June 2020	72,224
Funds advanced to the Company	(135,000)
Loan amounts settlement by the Related Party	72,224
As at 30 June 2021	(135,000)

As at 30 June 2021 the Company had issued convertible loan notes (CLNs") from Company Directors Alan Hume totalling £135,000. These CLNs were converted in to 482,142 ordinary shares post year end on 15 July 2021 at 28 pence per share.

20.3. Key management personnel
Directors of the Company are considered to be key management personnel. The remuneration of the Directors has been set out in note 8.

21. Ultimate controlling party

The Directors consider Stephen Brown and Julia Cane-Honeysett to be the ultimate controlling parties given their combined holding of 55.87% of the issued capital of the Company.

22. Financial instruments

The Company holds the following financial instruments:

Financial assets

	2021	2020
Financial assets at amortised cost:	£	£
Trade receivables		
Other financial assets at amortised cost	-	72,224
Cash and cash equivalents	179,556	31,318
	179,556	**103,542**

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

Financial liabilities

	2021	2020
Financial liabilities at amortised cost:	£	£
Trade payables	35,443	8,003
Borrowings	762,686	853,152
	798,129	**861,155**

	2021	2020
Financial liabilities at fair value through profit and loss	£	£
Borrowings	1,100,000	100,000
	1,100,000	**100,000**

23. Financial risk management

23.1. Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the executive management team.

a) Market risk

The Company is exposed to market risk, primarily relating to interest rate, foreign exchange and commodity prices. The Company does not hedge against market risks as the exposure is not deemed sufficient to enter into forward contracts. The Company has not sensitised the figures for fluctuations in interest rates, foreign exchange or commodity prices as the Directors are of the opinion that these fluctuations would not have a significant impact on the Financial Statements at the present time. The Directors will continue to assess the effect of movements in market risks on the Company's financial operations and initiate suitable risk management measures where necessary.

b) Credit risk

Credit risk arises from cash and cash equivalents as well as outstanding receivables. To manage this risk, the Company periodically assesses the financial reliability of customers and counterparties.

The amount of exposure to any individual counter party is subject to a limit, which is assessed by the Board.

The Company considers the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk. The Company will only keep its holdings of cash with institutions which have a minimum credit rating of 'A'.

c) Liquidity risk

The Company's continued future operations depend on the ability to raise sufficient working capital through the issue of equity share capital or debt. The Directors are reasonably confident that adequate funding will be forthcoming with which to finance operations. Controls over expenditure are carefully managed.

The following table summarizes the Company's significant remaining contractual maturities for financial liabilities at 30 June 2021, and 30 June 2020.

Contractual maturity analysis as at 30 June 2021

	Less than 12 Months £	1 – 5 Year £	Total £
Accounts payable	35,443	-	35,443
Accrued liabilities	276,133	-	293,158
Other creditor	17,025	-	17,025
STASCO Loan	-	762,686	762,686
	328,601	**762,686**	**1,091,287**

Contractual maturity analysis as at 30 June 2020

	1 – 5 Year £	Longer than 5 years £	Total £
Accounts payable	8,003	-	8,003
Accrued liabilities	242,593	-	242,593
STASCO Loan	-	853,152	853,152
	250,596	**853,152**	**1,103,748**

23.2. Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, in order to enable the Company to continue its exploration and development of oil and gas resources. In order to maintain or adjust the capital structure, the Company may adjust the issue of shares or sell assets to reduce debts.

The Company defines capital based on the total equity and reserves of the Company. The Company monitors its level of cash resources available against future planned operational activities and may issue new shares in order to raise further funds from time to time.

24. Commitments

The Company has entered into the following non-cancellable commitments in respect of exploration licences:

	2021 £	*2020* £
Due within one year	197,771	94,348
Later than one year but not later than five years	112,729	298,951
Total commitments	**310,500**	**393,299**

25. Events after the reporting period

The Company listed on the Alternative Investment Market (AIM) on the 15 July 2021. At the same time the Company placed 7,500,000 New Ordinary Shares to raise gross proceeds of £3,000,000.

On the 15 July 2021 the Company issued 125,000 new shares of 40p each to a supplier in part payment of an outstanding bill.

On 15 July all Convertible Loan Notes ("CLNs") were converted in to ordinary shares at a price of 28 pence each. In total 3,928,572 ordinary shares were issued in full discharge of the CLNs.

On the 15 July the Company filed an addendum to the Pilot field Concept Select Report ("CSR") with the Oil and Gas Authority ("OGA"). This followed the execution of an agreed work programme which included polymer core flood tests and work to reduce the carbon dioxide emissions from the project. The selected concept has now been revised to include a significant improvement in process heat management and power generation efficiency.

On the 29 November 2021 the Company received a "Letter of no objection" from the Oil and Gas Authority ("OGA") in respect of the development concept for the Pilot field. This letter signals the finalisation of the "Assessment phase" and the entry into the "Authorisation phase" of development planning for the Pilot Field.

On 6 December 2021 the Company was awarded £466,667 by the OGA to evaluate a new concept for the electrification of key producing oil and gas fields initially focussing on Central Graben area fields owned and operated by others. Orcadian is working with Crondall Energy, Enertechnos, Petrofac, North Sea Midstream Partners ("NSMP") and Wärtsilä; together the working group will undertake an evaluation of this concept and deliver a report to the OGA and Central Graben Operators by the end of March 2022. The evaluation will include a commercial proposal for the delivery of electrical power to Central Graben and Central North Sea Operators interested in rapidly implementing electrification of their platforms