Orcadian Energy PLC

REGISTERED NUMBER: 13298968

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

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COMPANY INFORMATION

Directors	Joseph Darby Stephen Brown Alan Hume Timothy Feather	
Company Secretary	Ben Harber of Shakespeare 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 Triangle Stables Market Chalk Farm Road London NM1 8AB
Nominated Advisor & Joint Broker	**Zeus Capital Limited** 125 Old Broad Stret London EC2N 1AR	
Joint Broker	**Novum Securities Limited** 2nd floor, 7-10 Chandos Street London W1G 9DQ	
Registrar	**Neville Registrars Limited** Neville House Steelpark Road Halesowen B62 8HD	

Chairman and CEO's Statement

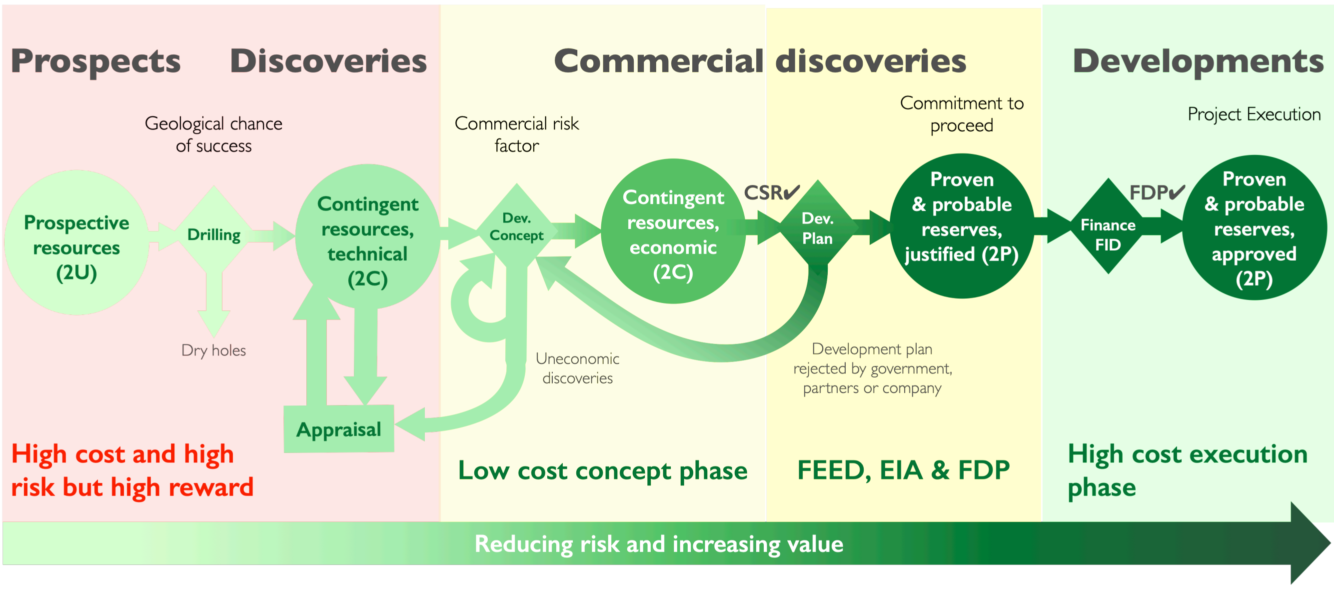
The year to 30 June 2024 has been an important period in the development of Orcadian. We closed on the farm-out of an interest in our Pilot discovery on the 31 March 2024 and welcomed Ping Petroleum UK plc ("Ping") on board as operator of the Pilot field. We retain a carried 18.75% interest in the field, and we look forward to Ping progressing the development project once the government's consultation on environmental impact statements is complete and the process for development project approval becomes clear and probably most important of all, the government consultation on the successor fiscal regime post-EPL in 2030 clarifies the future fiscal framework.

In the meantime, Ping is focussed on the sub-surface aspects on the development which provides the foundation of any field development plan. We are delighted to have Ping on board and look forward to both fiscal and environmental policy clarity so that the project can proceed.

In February 2024 we were awarded two Central North Sea licences and in May 2024 the NSTA announced a third tranche of licences which resulted in the award of our first Southern North Sea licence. These awards were the direct result of us following our strategy.

Our strategy stands on three legs.

Firstly we focus on discovered and appraised fields which lack a development plan. Below is a representation of the process oil companies follow to progress leads into prospects, prospects into exploration wells, and discoveries into development projects. This process often takes unexpected turns so that projects get recycled or even discarded. We love those discards. We can make something of them, and indeed our success in farming out the Pilot project proves the model works.



So, we build the portfolio by licensing discoveries. We prefer a fully appraised field, that calls for innovation, to a great exploration prospect, but we don't ignore great prospects. We will aim to farm out any exploration wells in our work programmes as exploring with equity rather than cash flow is folly.

Secondly, we always look for high quality reservoir rocks and aim to innovate around tricky fluids. We have a big focus on viscous oils and have built up considerable expertise in polymer flooding which can enable high recovery factors and low emissions per barrel of oil produced.

We are also content that we can handle high inerts and low-pressure gas. A big part of that is down to our development strategy for such discoveries. In short, we aim to bring the power station to the field rather than take the gas to the power station. That allows us to handle quite high levels of inert gases without significant or expensive treatment systems. For low pressure gas, as shallow gas almost always is, we don't have to compress the gas to such a high pressure which saves energy and emissions.

Our deal with the Marine Low Carbon Power Company Ltd ("**MLCP**") documented in a heads of agreement, announced on 12 December 2024, provides a clear pathway to development for the Earlham discovery. We are delighted to be working with MLCP to develop Earlham and Orwell and to have a second project where we are carried to first production. The Earlham field will be developed with a couple of horizontal wells and a downdip carbon dioxide injector. Orwell is likely a single subsea well tied back to the Earlham WHP. The Earlham WHP will be bridge linked to a Mobile Offshore Generating Unit ("**MOGU**") which will generate up to 300MW of low-carbon power. Carbon dioxide separated from the well fluids and captured from the generator exhausts will be re-injected down-dip from Earlham. All of the above development planning is subject to discussions with NSTA.

Finally, we focus on what we call the post-transition hydrocarbons: gas and heavy oils with the potential to create more than just combustion products. The Fynn discovery that we share with Parkmead epitomises a post-transition hydrocarbon.

In 1977 BP concluded that in a sample of Fynn oil "the atmospheric residue > 371ºC accounted for some 88.5% wt. of the crude, but was too aromatic to be of much commercial use". Roll forward to 2022 and Digital Refining in the Q4 magazine stated that "a highly aromatic feedstock must be used to produce premium-quality, readily graphitisable needle coke". So Fynn could be a great feedstock to make needle coke.

But of what use is this needle coke? It turns out that one of the "recent uses [of needle coke] include the production of synthetic graphite for lithium-ion battery anode material in electric vehicles EVs." So, production from Fynn will not inevitably be combusted as Lord Leggatt asserted in the Finch judgement. We estimate about 20% by mass will end up in the anodes of electric car batteries.

So the awards in the 33rd round were completely consistent with our strategy and we have been delighted with the progress we have been able to make in farming out an interest in the Earlham discovery.

We have agreed to sell a 50% interest in a sub-area of Licence P2680 to The Marine Low Carbon Power Company Ltd ("**MLCP**"). MLCP plan to develop Earlham and Orwell to supply the first of MLCP's Mobile Offshore Generating Units ("**MOGU**"), which will in turn supply carbon free energy to MLCP customers and to IPC New World Energy Ltd's ("**IPCNWE**") battery projects.

MLCP is a joint venture company owned by IPCNWE and Richmond Offshore Energy Ltd. IPCNWE is part of the Independent Power Corporation PLC (**"IPC"**) group and is the largest developer of consented battery projects in the UK with 5.5 GW of capacity under development. MLCP has designed, in conjunction with GE Vernova and Capsol Technologies of Norway, a 300 MW offshore power facility with integrated carbon dioxide capture and distributed carbon dioxide storage offshore in a reservoir, most likely within the Licence P2680 sub-area.

Shell Loan

As part of the overall arrangements IPC has acquired the loan advanced by Shell International Trading and Shipping Company Limited ("Shell") to Orcadian Energy (CNS) Ltd in August 2019. The amount owed to IPC and IPCNWE is US $1.5 million. IPCNWE has agreed to convert US $1.4 million of this into funding part of the consideration for MLCP to acquire its 50 per cent stake in Earlham and Orwell. The balance of US $100,000 will be exchanged for an Orcadian loan note, dated 30 June 2026, and convertible into approximately 312,500 Ordinary shares in Orcadian at a conversion price of 25 pence per share, Orcadian may require conversion of the loan note into Ordinary shares if Orcadian's volume weighted average share price ("VWAP") in each of five consecutive trading days is 35p or above.

Farm-out Terms
Orcadian has agreed the key terms of a farm-out agreement for a sub-area of Licence P2680 with MLCP. The principal terms of the agreements have been documented in a non-binding Heads of Agreement which defines the entire suite of agreements that need to be finalised.

It is intended that the farm-out will be implemented as follows:

- MLCP will acquire from Orcadian a 50% interest in the Earlham discovery and Orwell field redevelopment by acquiring a 50% interest in a sub-area of Licence P2680, comprising blocks 50/26 and 49/30b.
- Orcadian will act as Licence Administrator through the Assessment Phase and MLCP will become Licence Administrator for the Authorisation phase which includes the preparation and submission of the Field Development Plan ("**FDP**") and the Environmental Statement.
- It is intended, subject to approval from the North Sea Transition Authority ("**NSTA approval**"), that on FDP approval MLCP will become Licence Operator for the project execution and operating phases of the project.
- This transaction is subject to NSTA approval and will be documented in a fully termed Sale and Purchase Agreement and a Joint Operating Agreement;
- **The purchase price of 50% of the sub-area of Licence P2680 has been agreed to be US $2.2m, with US $1.4m payable on completion and two tranches of US $400,000 payable on achieving fuel gas quality production rates in excess of 50 MMscf/day for a 48 hour period, both 30 days after first gas and 120 days after first gas**.
- Together with the convertible loan arrangements noted above, the payment upon completion will offset in full the amounts owed by Orcadian to IPC and IPCNWE;
- MLCP will carry Orcadian's share of expenditure through to first gas on the development of Earlham and Orwell;
- The carry will be repayable through MLCP having an enhanced revenue interest of 80% until the carry is fully repaid.

As a consequence of these arrangements, Orcadian will retain a 50% carried interest in the development of Earlham and the redevelopment of Orwell, and its debts to Shell and IPCNWE will be paid in full.

This is a provisional agreement and there can be no guarantee that the transactions will all complete. Any deal is subject to, amongst other matters, completion of due diligence, negotiation of detailed documentation, and various regulatory consents as well as the Board approvals of MLCP and Orcadian.

Financial Results

The Group incurred a loss for the year to 30 June 2024 of £938,471 (30 June 2023 – loss of £1,184,954). The loss mainly arose from salaries, consulting and professional fees along with general administration expenses, the impairment of intangible assets and new business development.

Cash used in operations totalled £489,787 (30 June 2023 - £599,759). As at 30 June 2024, the Group had a cash balance of £214,977 (30 June 2023 - £109,705). At the date of this announcement, the Group's cash balance was £75,919.30.

Oil Price Outlook

Given the results of the US Presidential election and President Trump's commitment to lower energy prices, we can expect that geology, not politics, will be the constraint on US production which underpins the world's ability to supply energy. Predicting oil and gas prices is futile, they will either go up or down and most likely will go up and down. However, we can be confident that the International Energy Agency ("IEA") will be surprised by the strength of demand and OPEC will be surprised by the strength of supply, averaging these two organisations projections is not a bad way to divine the future.

UK Oil and Gas Sector

The UKCS oil and gas sector has had a Field Development Plan ("FDP") approved since the Victory gas field in January 2024 and the Rosebank oil field in September 2023. The tally of a solitary field development plan approval in 2024 seems unlikely to be surpassed by the end of 2024. The year 2021, blighted by COVID, had the same score, but we have to go back to the dawn of the North Sea in 1975, when the Forties development was approved, to find another occurrence of such a low number of FDP approvals.

The reason is clear – the government has enacted punitive taxes which limit returns and the regulatory framework has been subjected to an incessant stream of lawfare which culminated in the Finch ruling requiring every Environmental Impact Assessment ("EIA") to take into account Scope 3 emissions.

From Orcadian's perspective, the Finch ruling does not raise concerns for us. Quantifying the impact of Scope 3 emissions is a reasonable step, as their effect is expected to be negligible. As an example, the Rosebank field will produce about 300 MMbbl of oil, that when combusted will produce about 134 million tonnes of carbon dioxide, which will increase the carbon dioxide concentration in the atmosphere by just under 0.02 parts per million, assuming nature absorbs nothing – a very unlikely assumption given about half of the carbon dioxide emitted from fossil fuels since the industrial revolution has been so absorbed. Using the IPCC central estimate for the impact on global temperatures of a doubling of the atmospheric carbon dioxide concentration – 3ºC – that increase in carbon dioxide concentration could increase global temperature by less than two ten thousandths of a degree, far below the level that any creature could perceive.

This is why action on climate change needs global agreement on actions to reduce demand for fossil fuel energy. Constraining supply can only impact demand by increasing the price of energy; increasing the price of energy will undermine support for any climate action. So, politicians and engineers alike need to focus on delivering low-carbon energy for the lowest cost possible. That is why our Earlham project is so important. It will deliver low to no carbon energy at an affordable cost and on a dispatchable basis. We hope to learn from that project so that we can implement repeat projects at lower costs.

Nevertheless, because of the Finch ruling both Shell's Jackdaw project and Equinor's Rosebank project will have to be re-approved, and the government will have to re-issue guidance on how EIA documents are prepared.

The industry awaits that guidance which is expected in the Spring. However, the industry is also awaiting guidance on the successor fiscal regime from 2030 onwards. From FDP approval to first oil is typically at least three years, the earliest we might see a new project FDP approved is late 2025 or 2026. What that means is that by far the bulk of the revenue from any new project of substance will be taxed under the successor regime. So, operators' hands are tied, they need regulatory clarity, and they need fiscal clarity.

From Orcadian's perspective, the Finch ruling is not a cause for concern. There is no harm in quantifying the impact of Scope 3 emissions, as their effect is expected to be negligible. As to emissions in the production process we are confident that the right approach is to minimise those and to eliminate the bulk of the transportation emissions by producing oil and gas in our own backyard.

However, we will have to wait and see how government intends to tax the industry in the longer term, and we hope for a balance between ensuring a fair return for investors and maximising government revenues. It is probably true to say that the current fiscal regime is demonstrating exactly how the Laffer curve works in practice, we are on the wrong side of the Laffer curve, and in fact government revenues will rise with a more attractive fiscal regime. We are confident that sense will prevail, and the industry will have a bright future in the UK. But we will all have to wait for the outcome of these consultations before any company commits to a new development project of scale and we are optimistic that Ping will move forward with its North Sea development portfolio once the mists have cleared in Spring.

However, despite all the gloom we see great opportunity in the UK. The pendulum always swings too far and this time taxes have gone too high, and the hurdles development projects have to clear have become too many. Things will change and there is hope that the companies that stick by the UK will eventually prosper.

Business Outlook

Our near-term objectives are to complete the Earlham farm-out, and to secure producing acquisition opportunities for HALO Offshore UK ltd ("**HALO**"), the company we will jointly own with IPC.

Shareholders may have been surprised by this acquisition, but it has an interesting fiscal history and we and our partners at IPC see great opportunities to acquire producing licence interests which is why IPC is funding HALO to pursue such opportunities. There are a good number of companies looking to downsize or exit their UK portfolios, and not so many in a position to acquire fields. We look forward to updating shareholders again in due course.

Joseph Darby, Chairman, and Stephen Brown, CEO

J. Darby

13 December 2024

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 over 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 and Edison Mission Energy.

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 Vanadium Resources Ltd, an Australian listed developer of a large vanadium project in South Africa. 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 2024

The Directors present their Strategic Report of Orcadian Energy Plc for the year ended 30 June 2024.

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 interests in UKCS Seaward Licences P2244, which contains the Pilot and Harbour heavy oil discoveries, P2482, which contains the Elke and Narwhal discoveries, P2634 which contains the Fynn heavy oil discovery, P2650 which contains shallow gas prospects and P2680 which contains the Earlham development project, the Orwell re-development project and the Clover gas prospect.

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. We discuss our strategy and how it informed our licence application process in the Chairman & CEO's Statement so we won't repeat it here.

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

Key Performance Indicators
Success for Orcadian will be completion of the Earlham deal, announced on 12 December 2024, and approval of the Pilot and Earlham Field Development Plans. Those achievements 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.

In addition, we continue to seek other opportunities to acquire discovered resources for which we can articulate profitable and attractive development plans.

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
Licence expiry (Pilot)	The Pilot licence expires on 30 November 2025.	The Pilot licence was extended to end November 2025 as part of the Ping transaction. The operator Ping is planning to apply for a further licence extension during 2025.

Risk area	Description	Mitigation
Funding risk (Pilot and Earlham)	The Company has entered into farm-out deals with Ping Petroleum and the Marine Low Carbon Power Company Ltd. The deals eliminate the requirement for Orcadian to raise capital to finance the development as all pre-first oil and gas costs are to the account of the Farminees. However, the Farminees are not obliged to develop Pilot or Earlham and may need to raise external capital to fully finance the project.	Ping has plans to involve a third party in the Pilot project as the project execution plan matures. MLCP is in the process of closing an equity financing to enable the construction and installation of a MOGU and to develop the Earlham discovery.
Funding risk (other assets)	The Group has relatively modest work commitments on its other license (refer to note 24), however P2482 is a drill-or-drop licence and requires a commitment to drill a well by July 2025. In the event that sufficient funding cannot be obtained and the work commitments not funded, there is a risk that the licence would not continue into Phase C.	By July 2025, the Company has to demonstrate financial capacity to drill a well on the P2482 licence. The company is seeking farm-in partners.
Personnel	Oil and gas exploration and development activities are 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.	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.

Risk area	Description	Mitigation
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 nearterm 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 Group's 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 concluded a farm-out deal with an in-coming Operator on the Pilot project which requires the Operator to fund 100% of all pre-first oil costs.
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 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 potential scenarios. 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.
Political risk	Government support for further development of oil and gas resources in the UK may not be forthcoming.	The Company lobbies directly for a rational policy towards oil and gas development and is supportive of Offshore Energies UK's activities in this matter.

ESG Reporting

Orcadian Energy plc is committed to operating responsibly and sustainably and recognises the critical role it plays in the environment, society, and governance in the energy sector.

Our ESG strategy is integral to our mission and values and reflects our commitment to contributing responsibly and positively to the environment and to communities we serve while delivering long-term value to our stakeholders.

Orcadian Energy plc qualified as a low energy user in the year ending 30 June 2024 and accordingly is not required to disclose energy consumption and Greenhouse Gas GHG emission information.

The Company is dedicated to implementing best practices in relation to ESG and is actively seeking innovative solutions and partnerships to enhance its ESG performance in particular in our focus area of the UK energy sector. We are committed to being a responsible energy provider, and our mission is to make a significant contribution to a sustainable future for the UK.

We recognise that sustainability is a continuous journey, and we are progressing with an ongoing programme of improvements in our ESG practices. We continue to seek innovative solutions and partnerships to enhance our ESG performance.

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 and development of 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.

Careful consideration is given to the long term consequences of decision making. The Board has determined that the key to the Group's success, and a prime strategic objective is to secure the finance necessary to develop its licences, either through farm-out or creation of contractor alliances to develop the assets. The Group will also seek to mature its portfolio of prospective and contingent resources into reserves.

The Board considers the Group's major stakeholders to include employees, suppliers, partners, loan holders and shareholders. When making decisions, consideration is given to the interest of each stakeholder group individually and collectively. Certain decisions require more weight attached to some stakeholders than others and while generally seeing the long-term interest of the shareholders is of primary importance, the Directors consider those interests are best served by having regard to the interests of the other key stakeholder groups and, in fact, to all the s172 considerations.

Given the size of the Group and the nature of its business, there are only a few employees however, the Board considers the Group's employees essential to the success of the Group. The Board has identified personnel risk as being a key risk area facing the Group and has the following risk mitigation in place: The Group 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.

The Board ensures that the Group endeavours to maintain good relationships with its suppliers through contracting on standard business terms and paying promptly, within reasonable commercial terms. In addition to communicating through news announcements made available on the Company's website, and through regulated market announcements, the Group also engages in supplier face-to-face meetings, email and telephone conversations with key contacts.

As is stated in the Corporate Governance Report Principle 3, "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." The Group strives to ensure that it operates in adherence to all applicable environmental and social guidelines and seeks to ensure that suppliers engaged by the Group conduct their business activities with the same diligence.

As is stated in the Corporate Governance Report Principle 8, "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 Board recognises its responsibility for setting and maintaining a high standard of behaviour and business conduct. There is no special treatment for any group of shareholders and all material information is disseminated through appropriate channels and available to all through the Company's corporate presentations, news releases and website as is described in more detail in the Corporate Governance Report Principle 2.

The application of the s172 requirements can be demonstrated in relation to some of the key decisions made during the year to 30 June 2024:

- 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.

During the year to 30 June 2024, 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 13 December 2024 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/. The Company will update compliance with the QCA code for the changes that have come into effect for financial years commencing 1 April 2024, and will be applicable for the next financial reporting period.

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

<u>Establish a strategy and business model which promotes long-term value for shareholders</u>
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 and holds interests in licences P2244, P2482, P2634, P2650 and P2680. The P2244 licence contains a shallow viscous oil discovery known as the Pilot field which has audited 2P reserves of 79 MMbbl.

In December 2023 Orcadian Energy (CNS) Limited signed a farm-out agreement with Ping Petroleum UK plc which resulted in Orcadian retaining an 18.75% interest in P2244 with all costs carried too first oil. In December 2024 the Company announced a further proposed farm-out of an interest in the Earlham field to MLCP.

The Group will also seek to mature its portfolio of prospective and contingent resources into reserves and has acquired HALO to be a vehicle to acquire non-operated producing licence interests.

Governance Report (continued)

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.

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 sessions.

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.

Governance Report (continued)

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.

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 two non-executives including the Non-Executive Chairman Joseph Darby and one Independent Non-Executive 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 19 to 22 of this Report.

Governance Report (continued)

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 two Executive and two 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 7 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.

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 discloses 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.

The Board is comprised two executive directors and two non-executive directors. Of the non-executive directors, all of whom are considered by the Board 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 19 to 22 of this Report.

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.

Governance Report (continued)

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.

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.

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. The Board is comprised of two executive directors and two non-executive directors, of which one is 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 below.

Governance Report (continued)

Principle 10 – 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. All RNS announcements are released in a timely manner, while also ensuring all announcements are drafted in a clear and concise fashion. 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.

The Company includes historical Annual Reports, Notices of General Meetings and RNS announcements since listing on its website. The Company also lists contact details on its website, should shareholders wish to communicate with the Board.

The Company does, 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 2024.

Committees

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

Reserves Committee

The Reserves Committee periodically reviews and considers 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 are:

- 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 is now comprised of Joseph Darby, who acts as chairman of the committee and the CEO, Stephen Brown. This appointment of chairman is 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.

Audit Committee

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 meets 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 in March 2021 the audit has not 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 2024 Annual General Meeting.

For the year to 30 June 2024 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.
• Carrying value of investment in Orcadian Energy (CNS) Ltd and the carrying value of its intangible assets.	The Committee reviewed the impairment assessment report prepared by management, which addressed recent impairments, and agreed that given the reasonable expectation that the Group will achieve its business objectives, that no impairment to the value of the investment in Orcadian Energy (CNS) Ltd, was required as at 30 June 2024.
• Accounting treatment for farm-out	The Committee reviewed the accounting treatment of the farm-out of the Pilot field and determined that the appropriate treatment of cash consideration was to reduce the value of the intangible asset, with no gains to be recognised unless the value of future contingent cash consideration, as and when received, exceeds the value of the entire asset held.
• 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, as the Group is reliant on further funds to be raised during the going concern period (i.e. 12 months from the approval of these financial statements) to enable the group to meet its obligations as they fall due, so the directors acknowledge that a material uncertainty exists in relation to going concern.
• 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.

Risk Committee

The Company has established a Risk Committee that reviews the company's assessment of risks and makes recommendations to the Board on actions to minimise or mitigate risk. The Risk Committee meets at least once each year and has full access to the company's risk assessment.

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

Governance Report (continued)

Remuneration Committee

The remuneration committee reviews the performance of the executive directors and makes recommendations to the Board on matters relating to their remuneration and terms of employment.

The committee also makes 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 meets at least twice a year.

The members of the Remuneration Committee are Joseph Darby who acts as chairman of the committee 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.

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 eleven 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 subsidiary level):

	Number held and entitled to attend	Number attended
Joseph Darby	18	16
Stephen Brown	18	18
Alan Hume	18	18
Timothy Feather	18	17

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.

Non-executive directors have a notice period of one month. The CEO has a notice period of 24 months and the CFO has a notice period of 12 months. All directors appointments 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 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 Chief Financial Officer and one independent non-executive Director. Biographical details of the Board members are set out on page 7 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.
Governance Report (continued)

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

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.

Orcadian Energy PLC

Joseph Darby
Chairman and Non-Executive Director

13 December 2024

DIRECTORS' 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.

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

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 Directors have entered into service agreements 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 as stated in the table below:

Name	Date of service agreement	Notice period by Company (months)	Notice period by Director (months)
Stephen Brown	1 July 2021	24	12
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	-
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 2024 and 2023. Mr. Stephen Brown was the highest paid Director:

Executive Directors	Short term benefits – salary and fees paid 2024 £	Short term benefits – salary and fees accrued 2024 £	Total 2024 £
Stephen Brown	160,417	114,583	275,000
Alan Hume	116,667	83,333	200,000
Total	277,084	197,916	475,000

Executive Directors	Short term benefits – salary and fees paid 2023 £	Short term benefits – salary and fees accrued 2023 £	Total 2023 £
Stephen Brown	190,972	84,028	275,000
Greg Harding[1]	60,000	-	60,000
Alan Hume	138,889	61,111	200,000
Total	389,861	145,139	535,000

[1] Resigned on 31 December 2022. The amount paid was in respect of remuneration in the year to 31 December 2022.

Non-Executive Directors' Remuneration

The table below sets out the remuneration received by each Non-Executive Director during the years ended 30 June 2024 and 2023:

	Short term benefits – salary and fees paid 2024 £	Short term benefits – salary and fees accrued 2024 £	Total 2024 £
Joseph Darby	26,250	18,750	45,000
Timothy Feather	17,500	12,500	30,000
Total	43,750	31,250	75,000

	Short term benefits – salary and fees paid 2023 £	Short term benefits – salary and fees accrued 2023 £	Total 2023 £
Joseph Darby	30,000	15,000	45,000
Christian Wilms[2]	10,000	-	10,000
Timothy Feather	20,000	10,000	30,000
Total	60,000	25,000	85,000

[2] Resigned on 31 October 2022 The amount paid was in respect of remuneration in the year to 31 December 2022.

J. Darby

Joseph Darby
Director & Remuneration Committee Chairman

13 December 2024

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2024

The Directors present their report and the financial statements for Orcadian Energy PLC ("the Company") for the year ended 30 June 2024.

Principal activities
The Company evaluates and manages oil and gas assets and holds a 18.75% interest in UKCS Seaward Licence P2244, which contains the Pilot and Harbour heavy oil discoveries. Ping Petroleum is Licence Operator. Refer to note 12 for details of the farm-out which completed on 31 March 2024. The Company has a 100% interest in P2482 which contains the Elke and Narwhal discoveries. The Group has a 50% working interest in P2634, which contains the Fynn discoveries. P2634 is administered by the Parkmead Group and covers blocks 14/15a, 14/20d and 15/11a, which lie midway between the Piper and Claymore fields, 180 kms due East of Wick.

The Group has a 50% interest in Licence P2650 which covers nine blocks in Quad 29 and which has gas prospectivity. Finally, the Group currently has a 100% interest in Licence P2680 which contains the Earlham development project and the depleted Orwell field which has redevelopment potential.

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

Corporate Governance
Refer to the Corporate Governance statement which is presented in pages 13 – 24 of this report.

Subsequent Events
Refer to note 24 for details on events subsequent to balance date.

Results and dividend
The Group's loss for the year ended 30 June 2024 was £938,471 (2023: £1,184,954).

The directors do not recommend the payment of a dividend (2023: £nil).

Balance Sheet
At 30 June 2024 the Company had a cash balance of £214,977 (2023: £109,705) and total assets of £4,648,378 (2023: £4,032,403).

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 22.

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' REPORT (CONTINUED)

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
Alan Hume	29 March 2021
Timothy Feather	8 June 2021

The directors of the Company have a pre-existing connection with the business for the Group, with the majority of the Directors of the Company also having served 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
Alan Hume	19 June 2018
Julia Cane-Honeysett	1 May 2015
Timothy Feather	11 January 2023

Directors' share interests

The number of ordinary shares of the Company in which the Directors were beneficially interested at 30 June 2024 was:

	30 June 2024		30 June 2023	
Joseph Darby	420,000	0.53%	420,000	0.58%
Stephen Brown*	29,164,683	36.92%	29,164,683	40.22%
Alan Hume	3,544,960	4.49%	4,036,960	5.57%

*14,739,495 shares are held by Julia Cane-Honeysett, the spouse of Mr. Brown.

Political donations

The Group made no political donations during the year (2023: £nil).

Charitable donations

There were no charitable donations made by the Group in the year under review (2023: £nil).

DIRECTORS' REPORT (CONTINUED)

Going concern

The financial statements have been prepared on a going concern basis. The Group is not yet revenue generating, has net current liabilities of £2,108,707 and an operating loss has been reported. The Group has historically been reliant on raising finance, both debt and equity, to enable it to meet its obligations as they fall due.

The Directors have prepared a detailed forecast for the 12 months following the date of signing this report based on the funds expected to be raised and forecasted expenditure, 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 acknowledge that funds will need to be raised within the next 12 months to enable the Group to meets its obligations as they fall due, however, the Directors are confident that the required funds will successfully be raised through the equity market to funds its operations over the next 12 months.

The Directors, therefore, have made an informed judgement, at the time of approving financial statements, that the Group is a going concern but they acknowledge that the dependence on raising further funds during the next 12 months represents a material uncertainty. The Auditors have made reference to this material uncertainty within their audit report.

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 13 December 2024 and signed on its behalf by

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 UK-adopted International Accounting Standards (UK-IAS). 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 2024 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Cash flows 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 UK-adopted international accounting standards 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 2024 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards 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 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.

Material uncertainty related to going concern

We draw attention to note 2.3 in the financial statements, which indicates that the group and company are reliant on raising finance within the 12 months following the date of approval of these financial statements in order to meet its working capital requirements and continue to fund further exploration expenditure over this period. As stated in note 2.3, these events or conditions, along with the other matters as set forth that note, indicate that a material uncertainty exists that may cast significant doubt on the Group and Parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the director's 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 and Company's ability to continue to adopt the going concern basis of accounting included:

- Reviewing the accuracy of historical forecasts by comparison to the actual results in the year to assess the accuracy of management's forecasting process;
- Assessing and challenging the key inputs and assumptions in the underlying cashflow forecasts prepared by management covering the going concern period; and
- Discussing strategies regarding future availability of funding and assessing the likelihood of the required funds being successfully raised by considering the funds required and the Group's and Company's ability to raise such funds. This has included obtaining and reviewing key terms of various agreements entered into after the year end.

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 £79,000 (2023: £80,000) based upon net liabilities (2023: gross assets). There has been a change in the benchmark in the current year in comparison to the prior year. Given the stage of development of the group, at present the capitalised exploration costs and borrowings of the group are considered to be the area of most interest to users of the financial statements. Performance materiality and the triviality threshold for the consolidated financial statements were set at £55,300 (2023: £56,000) and £3,950 (2023: £4,000), respectively, a level considered appropriate given our accumulated knowledge in respect of the group and the assessed level of risk.

Materiality for the parent company was set as £78,000 (2023: £79,000) based upon gross assets (2023: gross assets). Gross assets were considered to be an appropriate basis due to the fact that the most significant balance within the parent company is the investment in the subsidiary, and the assets within this subsidiary will determine the future success of the group. Performance materiality and the triviality threshold for the company were set at £54,600 (2023: £55,300) and £3,900 (2023: £3,950), respectively, a level considered appropriate given our accumulated knowledge in respect of the group and the assessed level of risk.

Component materiality applied to the subsidiary undertaking was £78,000 (2023: £79,000) based upon net liabilities (2023: gross assets). The reason for this change in basis is noted above. Performance materiality and the triviality threshold were set at £54,600 (2023: £55,300) and £3,900 (2023: £3,950), respectively, for the same reasons as for the parent company.

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 capitalised exploration expenditure within the group and the recoverable value of the parent company's investment in the subsidiary. 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 both 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. In addition to the matter described in the Material uncertainty related to going concern section we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our scope addressed this matter
Carrying value and recoverability of intangible assets (refer to Notes 3 and 12)	
As at 30 June 2024 and 30 June 2023 the carrying value of intangible assets totalled £4,412,453 and £3,871,362, respectively. The intangible assets relate to capitalised exploration and evaluation costs. **These capitalised costs fall within the scope of IFRS 6 *Exploration for and evaluation of mineral resources* and there is a risk that items have not been capitalised during the year in accordance with this Standard and with the group's accounting policy.** **The carrying value and recoverability of these assets is considered to be a key audit matter due to the level of estimation and judgement required in assessing whether or not these material assets are recoverable.** **On 2 April 2024, the Group completed a Sale and Purchase Agreement ('SPA') to farm out of 81.25% of its 100% interest in the P2244 licence, which contains the Pilot field. Following this, during the**	Our work in this area included but was not limited to: • Obtaining confirmation that the group has good title to the applicable exploration licences, including any new licences or renewals obtained during the year; • Reviewing management's assessment of impairment and considering whether there are any indicators of impairment as per IFRS 6; • Reviewing the calculation of the impairment charge recorded during the year, and understanding the circumstances leading to the impairment. Ensuring this has been recorded at an appropriate amount; • Obtaining and reviewing key terms included within the SPA relating to the farm out of the 81.25% interest in licence P2244. Obtaining and reviewing key terms included within the JOA between the two participants to the licence in order to conclude on the

year, a joint operating agreement ('JOA') was entered into by the two parties for the purposes of regulating operations under the licence and of determining respective rights and obligations of the parties. **In the current year, the P2516 license has been returned and as a result the Group recognised impairment charge amounting to £186,158 to bring the carrying value of the licences to £Nil.**	appropriateness of the group's accounting policy and the accounting treatment and disclosures surrounding the transaction; • Testing a sample of additions to ensure costs have been capitalised in accordance with IFRS 6; and • Reviewing disclosures in the financial statements to ensure that they are in line with IFRS 6. Following the farm out agreement relating to the key licence of the Group, P2244, the group has adopted an appropriate accounting policy for the treatment of this arrangement as disclosed in Note 3. There are a number of judgements made by management in concluding on the recoverability of the remaining intangible assets of £4,271,877 relating to licence P2244 as at 30 June 2024. These judgements are disclosed in Note 3. Should the operator under the JOA not continue to fund development activities in accordance with the terms of the agreement, this could result in an impairment to these assets.
Carrying value of investment in the subsidiary (refer to Note 15)	
As at 30 June 2024 and 30 June 2023 the carrying value of investment in the subsidiary totalled £5,968,544 and £5,404,044, respectively, within the parent company Statement of Financial Position. The investment in the subsidiary relates to the initial cost of investment and subsequent amounts advanced to the subsidiary that have been capitalised. **The carrying value of the investment is considered to be a key audit matter due to the material nature of the balance and the level of management estimation and judgement required in assessing whether the investment is impaired.**	Our work in this area included: • Verifying ownership of investment held; • Obtaining a list of additions in the year. Vouching all additions to bank and considering whether these advances are appropriate for capitalisation; • Obtaining and reviewing the impairment assessment prepared by management and challenging all key assumptions included therein; and • Considering whether there is evidence of impairment in accordance with IAS 36 Impairment of Assets, through reference to internal and external indicators. Considering the results of procedures performed in respect of the carrying value of exploration and evaluation assets as detailed above, given that these are the underlying assets from which the company hopes to recover the value of its investment.

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. Our opinion on the 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 company and its 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 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 financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the 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 company and the sector in which it operates 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, application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the company in this regard to be those arising from UK Company Law, local environmental laws, rules applicable to issuers of the AIM Market and UK-adopted international accounting standards.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the company with those laws and regulations. These procedures included, but were not limited to:
    - Discussion with management regarding compliance with laws and regulations by the parent company and its subsidiary;
    - Reviewing board minutes;
    - A review of legal expenses incurred in the year; and
    - Review of regulatory news announcements during the year.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that that the recoverable value of the capitalised exploration expenditure and the investment in subsidiaries were areas susceptible to fraud and we addressed this by challenging the assumptions and judgements made by management when auditing these significant accounting estimates as disclosed in the Key Audit Matters section above.
- 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.

Imogen Massey

Imogen Massey (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

13 December 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS
FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024	2023
		£	£
Revenue		-	-
Administrative expenses	4	(610,940)	(671,327)
Pre-acquisition licence expenses		(40,071)	(129,867)
Impairment of intangible assets	12	(186,158)	(356,532)
Operating Loss		(837,169)	(1,157,726)
Net finance costs	8	(101,302)	(77,228)
Other income	6	-	50,000
Loss before tax		(938,471)	(1,184,954)
Taxation	9	-	-
Loss for the year		(938,471)	(1,184,954)
Other comprehensive income:			
Items that will or may be reclassified to profit or loss:			
Other comprehensive income		-	-
Total comprehensive income		(938,471)	(1,184,954)
Earnings per share (basic and diluted) - pence	10	(1.26)	(1.72)

All operations are continuing.

The notes on pages 50 to 72 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	Note	2024 £	2023 £
Non-current assets			
Property, plant and equipment	11	1,718	2,508
Intangible assets	12	4,412,453	3,871,362
		4,414,171	3,873,870
Current assets			
Trade and other receivables	13	19,230	48,828
Cash and cash equivalents	14	214,977	109,705
		234,207	158,533
Total assets		4,648,378	4,032,403
Non-current liabilities			
Borrowings	16	-	-
		-	-
Current liabilities			
Trade and other payables	17	(1,247,235)	(567,629)
Borrowings	16	(1,095,679)	(991,339)
		(2,342,914)	(1,558,968)
Total liabilities		(2,342,914)	(1,558,968)
Net assets		2,305,464	2,473,435
Equity			
Ordinary share capital	18	79,000	72,512
Share premium reserve	18	6,080,544	5,316,532
Share warrants reserve	18	15,000	15,000
Other reserve	18	(38,848)	(38,848)
Retained earnings		(3,830,232)	(2,891,761)
Total equity		2,305,464	2,473,435

The consolidated Financial Statements of Orcadian Energy PLC were approved by the Board of Directors and authorised for issue on 13 December 2024.

Signed on behalf of the Board of Directors by:

Alan Hume
Director
The notes on pages 50 to 72 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	Note	2024 £	2023 £
Non-current assets			
Investment in subsidiary	15	5,968,544	5,404,044
		5,968,544	5,404,044
Current assets			
Trade and other receivables	13	-	-
Cash and cash equivalents	14	212,597	2,779
		-	-
Total assets		6,181,141	5,406,823
Non-current liabilities			
Borrowings	16	-	-
		-	-
Current liabilities			
Trade and other payables	17	-	-
		-	-
Total liabilities		-	-
Net assets		6,181,141	5,406,823
Equity			
Ordinary share capital	18	79,000	72,512
Share premium reserve	18	6,080,544	5,316,532
Share warrants reserve	18	15,000	15,000
Retained earnings		6,597	2,779
Total equity		6,181,141	5,406,823

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 profit attributable to Orcadian Energy PLC for the year to 30 June 2024 was £3,818 which is attributable to bank interest income (2023: £2,779), as all costs within the group are borne by the subsidiary.

The Financial Statements were approved by the Board of Directors and authorised for issue on 13 December 2024.

Signed on behalf of the Board of Directors by:

Alan Hume
Director
The notes on pages 50 to 72 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024

	Note	Ordinary Share capital £	Share premium reserve £	Share warrants reserve £	Shares to be issued £	Other reserve £	Retained earnings £	Total £
Balance as at 1 July 2022		63,755	3,890,089	15,000	901,200	(38,848)	(1,706,807)	3,124,389
Loss for the year and total comprehensive income		-	-	-	-	-	(1,184,954)	(1,184,954)
Issue of shares	18	8,757	1,581,243	-	(1,000,000)	-	-	590,000
Share issue costs	18	-	(154,800)	-	98,800	-	-	(56,000)
Total transactions with owners		8,757	1,426,443		(901,200)	-	-	534,000
Balance as at 30 June 2023		72,512	5,316,532	15,000	-	(38,848)	(2,891,761)	2,473,435
Loss for the year and total comprehensive income		-	-	-	-	-	(938,471)	(938,471)
Issue of shares	18	6,488	843,512	-	-	-	-	850,000
Share issue costs	18	-	(79,500)	-	-	-	-	(79,500)
		-			-	-	-	-
Total transactions with owners		6,488	764,012		-	-	-	770,500
Balance as at 30 June 2024		79,000	6,080,544	15,000	-	(38,848)	(3,830,232)	2,305,464

Refer to note 18 for a description of the nature and purpose of each reserve within equity.
The notes on pages 50 to 72 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024

	Note	Ordinary Share capital £	Share premium reserve £	Share warrants reserve £	Shares to be issued £	Retained earnings £	Total £
Balance as at 1 July 2022		63,755	3,890,089	15,000	901,200	-	4,870,044
Profit for the year and total comprehensive income		-	-	-	-	2,779	2,779
Issue of shares	18	8,757	1,581,243	-	(1,000,000)	-	590,000
Share issue costs	18	-	(154,800)	-	98,800	-	(56,000)
Total transactions with owners		-	1,426,443	-	(901,200)	-	534,000
Balance as at 30 June 2023		72,512	5,316,532	15,000	-	2,779	5,406,823
Profit for the year and total comprehensive income		-	-	-	-	3,818	3,818
Issue of shares	18	6,488	843,512	-	-	-	850,000
Share issue costs	18	-	(79,500)	-	-	-	(79,500)
		-			-	-	-
Total transactions with owners		6,488	764,012		-	-	770,500
Balance as at 30 June 2024		79,000	6,080,544	15,000	-	6,597	6,181,141

Refer to note 18 for a description of the nature and purpose of each reserve within equity.
The notes on pages 50 to 72 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024	2023
		£	£
Cash flows from operating activities			
Loss before tax for the year		(938,471)	(1,184,954)
Adjustments for:			
Depreciation	11	1,754	1,822
Unrealised foreign exchange (gain)		(780)	(44,852)
Impairment of intangible assets	12	186,158	356,532
Interest received	8	(3,818)	(2,779)
Finance costs in the year	8	105,120	80,007
Decrease in trade and other receivables	13	29,598	7,001
Increase in trade and other payables	17	130,652	189,064
Cash used in from operations		(489,787)	(598,159)
Income taxes received		-	-
Net cash flows from operating activities		(489,787)	(598,159)
Investing activities			
Interest received	8	3,818	2,779
Farm-out proceeds	12	332,349	-
Purchases of property, plant and equipment	11	(964)	(916)
Purchases of exploration and evaluation assets	12	(510,644)	(1,000,638)
Net cash used in investing activities		(175,441)	(998,775)
Financing activities			
Proceeds from issue of ordinary share capital	18	850,000	1,590,000
Share issue costs paid	18	(79,500)	(154,800)
Net cash provided by financing activities		770,500	1,435,200
Net increase / (decrease) in cash and cash equivalents		105,272	(161,734)
Cash and cash equivalents at beginning of period	14	109,705	271,439
Cash and cash equivalents and end of period	14	214,977	109,705

There were no significant non-cash transactions in the year to 30 June 2024.

The notes on pages 50 to 72 form part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 £	2023 £
Cash flows from operating activities			
Profit for the year		3,818	2,779
Adjustments for:			
Depreciation	11	-	-
Interest income		(3,818)	(2,779)
Decrease in trade and other receivables	13	-	-
Increase in trade and other payables	17	-	-
Cash generated from operations		-	-
Income taxes paid		-	-
Net cash flows from operating activities		-	-
Investing activities			
Interest received		3,818	2,779
Funds advanced to subsidiary	15	(564,500)	(1,435,200)
Purchases of exploration and evaluation assets	12	-	-
Net cash used in investing activities		(560,682)	(1,432,421)
Financing activities			
Proceeds from issue of ordinary share capital	18	850,000	1,590,000
Share issue costs paid	18	(79,500)	(154,800)
Net cash provided by financing activities		770,500	1,435,200
Net increase in cash and cash equivalents		209,818	2,779
Cash and cash equivalents at beginning of period	14	2,779	-
Cash and cash equivalents and end of period	14	212,597	2,779

There were no significant non-cash transactions in the year to 30 June 2024.

The notes on pages 50 to 72 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 its ordinary shares are admitted to trading on AIM, a market of the London Stock Exchange.

The Company evaluates and manages oil and gas assets and holds a 18.75% interest in UKCS Seaward Licence P2244, which contains the Pilot and Harbour heavy oil discoveries. Ping Petroleum is the Licence Operator. The Company has a 100% interest in P2482 which contains the Elke and Narwhal discoveries. The Group has a 50% working interest in P2634, which contains the Fynn discoveries. P2634 is administered by the Parkmead Group and covers blocks 14/15a, 14/20d and 15/11a, which lie midway between the Piper and Claymore fields, 180 kms due East of Wick.

The Group has a 50% interest in Licence P2650 which covers nine blocks in Quad 29 and which has gas prospectivity. Finally the Group currently has a 100% interest in Licence P2680 which contains the Earlham development project and the depleted Orwell field which has redevelopment potential.

The financial statements presented for the Group are for the year ended 30 June 2024 and these are shown alongside figures for the year ended 30 June 2023 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 on a going concern basis using the historical cost convention and in accordance with the UK-Adopted International Accounting Standards, and in accordance with the provisions of the Companies Act 2006.

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

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. In connection with the admission to AIM, in the financial year to 30 June 2021, 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, has net current liabilities of £2,108,707 and an operating loss has been reported. The Group has historically been reliant on raising finance, both debt and equity, to enable it to meet its obligations as they fall due.

The Directors have reviewed a detailed forecast based on the funds expected to be raised and forecasted expenditure, 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 acknowledge that funds will need to be raised within the next 12 months to enable the Group to meets its obligations as they fall due, however, the Directors are confident that the required funds will successfully be raised through the equity market to funds its operations over the next 12 months.

The Directors, therefore, have made an informed judgement, at the time of approving financial statements, that the Group is a going concern but they acknowledge that the dependence on raising further funds during the next 12 months represents a material uncertainty.

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

The following IFRS or IFRIC interpretations were effective for the first time for the financial year beginning 1 July 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Standards/interpretations	**Effective Date**
Amendments to IAS 1: Presentation of financial Statements: Classification of liabilities as Current or Non-current liabilities	1 January 2024

Amendments to IAS 1; Classification of liabilities as Current or Non-current – Deferral of Effective Date	1 January 2024
Amendments to IFRS 16 Leases: Lease liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 1 Presentation of Financial Statements: Non-current liabilities with Covenants	1 January 2024
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements	1 January 2024
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rate: Lack of Exchangeability	1 January 2025

ii) New and amended standards not yet adopted by the Group

The Directors do not believe that the implementation of new standards, amended standards and interpretations issued but not yet effective will have a material impact once implemented in future periods.

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 Group and Company is Pounds sterling (£), which is also the presentation currency for these financial statements.

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. Other income

Grants are accounted for under the accruals model. Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure, in accordance with the attached conditions.

2.7. Taxation

Tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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 to the Consolidated Statement of Comprehensive Loss 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 will then be 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, and investment in the subsidiary. 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 Farm-out transactions

Determining the value of the consideration received for a farm-out disposal of assets with proven resources can be challenging. This is even more the case for assets which are farmed out in the pre proven resources phase. A judgement has been made that for such farm-outs only cash payments received will be recognised and no recognition will be made of any contingent consideration which is dependent on the outcome of future works to be performed by the farminee and therefore outside the control of the Group. Rather, the Group will carry the remaining interest at the previous full interest cost reduced by the amount of any cash consideration received from entering into the agreement. The effect will be that there is no gain recognised on the farm-out unless the cash consideration received exceeds the carrying value of the entire asset held. Upon Field Development Plan (FDP) approval, the Group will start recognising both cash payments received and the value of future carried assets to be received, and will recognise a future asset receivable with an accompanying gain in the income statement for the equity share of the asset disposed of.

2.12 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.

2.13 Financial Instruments

2.13.1 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.

2.13.2 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.

There were no financial assets measured at fair value as at 30 June 2024, or 30 June 2023.

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.

2.13.3. 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.

2.13.4 Impairment of financial assets

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.

2.14 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.

2.15 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.

2.16 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.

2.17 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.

2.18 Trade payables

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

2.19 Borrowings

Borrowings, classified as financial liabilities, 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.

2.20 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 year in which they are incurred.

2.21 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.

2.22 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.

2.23 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. Advances that are made to the subsidiary that are not expected to be repaid in the short term are capitalised by the Company. All advances made for the year have been capitalised.

2.24 Share-based payments

The fair value of services received in exchange for the grant of share warrants is recognised as an expense in share premium or profit or loss, in accordance with the nature of the service provided. A corresponding increase is recognised in equity.

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 (refer to note 12)

As at 30 June 2024, the Group held oil and gas exploration and evaluation intangible assets of £4,412,453 (2023: £3,871,362). The carrying values of intangible assets are assessed for indications 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, probable and potential resources per the latest CPR (https://orcadian.energy/wp-content/uploads/2021/07/110650.Orcadian.FinalReport.pdf), likely production costs and the forecasted oil prices.

General Impairment

The Group held 50% interest in UKCS Seaward Licence P2516 ("the Licence"), which contains a portion of the Fynn Beauly discovery and the whole of the Fynn Andrew discovery. If the partnership had committed to drill a well on the licence the licence could have continued into Phase C on 30 November 2023. The partnership elected to allow the licence to determine. The Group has impaired the full value of the Licence recognised as an Intangible Asset on the Consolidated Statement of Financial Position with an impairment charge of £186,158 being charged to the Consolidated Statement of Comprehensive Loss.

As a result of the budget exploration costs, the licenses being valid and the assessed recoverable value of the intangibles being in excess of the carrying value, Management do not consider that any further impairment of intangible assets are impaired as at 30 June 2024, with the exception of the impairment charge detailed above.

P2244 Pilot Licence farm-out

During the year under review the Group completed a farm-out of 81.25% of licence P2244 to Ping Petroleum Inc. ("Ping") who also assumed operatorship over the licence. Cash consideration and cost reimbursements totalling £332,349 were received to 30 June 2024, and in accordance with the Group's accounting policy for farm-out transactions this amount was recorded as a reduction in the value of the intangible asset recorded on the Consolidated Statement of Financial Position (refer to notes 2.11 and 12). Orcadian will receive a further payment of US$3 million upon FDP approval from the NSTA as well as receiving full carry on future expenditure. The value of future consideration has not been recognised in these financial statements as it is contingent on achieving future project milestones.

With completion of the farm-out transaction the Group is exposed to counter-party risk on the future valuation of the licence, and a judgement has been applied as to whether Ping will maintain the future financial and personnel resources required to advance the licence through to production. Counter-party risk is the risk that Ping are not able to financially or technically able to complete work required to progress the project through to production. As at reporting date Ping has continued technical works on the licence in line with plan and has met all costs required in order to keep the licence in good standing. It is the determination of Management that as at 30 June 2024 there are no counterparty risk indicators that would necessitate an impairment charge to the value of licence P2244. This counterparty risk will be evaluated at each reporting period.

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 were only two critical judgements identified (which are dealt with separately above), and no critical estimations 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.

4 Administrative expenses

	2024	2023
	£	£
Office costs, rates and services	21,111	22,610
Wages and salaries*	324,738	293,403
Consultants and advisers	113,684	254,452
Audit fees (note 5)	33,318	32,250
Insurance	26,919	2,256
Other expenses	33,594	39,432
National Insurance	40,091	67,091
Foreign Exchange	15,731	(41,989)
Depreciation	1,754	1,822
	610,940	671,327

*refer to note 12 for details on wages and salaries capitalised to intangible assets.

5 Auditor's Remuneration

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

	2024	2023
	£	£
Audit of the financial statements	33,318	32,250
	33,318	32,250

6 Other Income

	2024	2023
	£	£
33rd licencing round income	-	50,000
Other Income	-	50,000

In January 2023 the Company applied for certain licences in the 33rd Seward licencing round. One of the applications was in partnership with Triangle Energy Pty. To enter into the joint application Triangle Energy Pty paid the Company £50,000.

7 Staff numbers and costs

	Group 2024	Group 2023
Staff costs (including directors)	£	£
Wages and salaries	550,000	599,375
Social security costs	40,091	67,091
	590,091	666,466

Refer to the Directors Remuneration Report for further information on Director wages and salaries.

Wages and salaries includes £264,648 that was capitalised to the value of the intangible asset (2023: £305,972) (refer to note 12).

No pension benefits are provided for any Directors (2023: £nil).

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

Group and Company	2024	2023
Management and Administration	4	5
	4	5

8 Net finance costs

	2024	2023
	£	£
Interest income	(3,818)	(2,779)
Interest expense	105,120	80,007
	101,302	77,228

Interest expense is on the STASCO loan. Refer to note 16.

9 Taxation

Analysis of charge for the year:

	2024	2023
	£	£
Current income tax charge	–	–
R&D tax credits	–	–
Deferred tax charge	–	–
Total taxation credit/(charge)	–	–

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.

	2024	2023
	£	£
Loss before income tax	(938,471)	(1,184,954)
Tax at the applicable rate of 19% (2023: 19%)	(178,309)	(225,141)
Effects of:		
R&D tax credits	-	-
Expenses not deducted for tax purposes	35.703	68,172
Unutilised tax losses	142,606	156,969
Total income tax credit / (expense)	-	-

As at 30 June 2024, the Group had potential deferred tax assets not recognised in respect of unused tax losses of £703,262 (2023: £560,656) which is due to uncertainty over the availability of future taxable profits to offset these losses against.

10 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 the Group recorded a loss for the year, and where a loss is recorded the basic and diluted loss is the same. Refer to note 18 for details on details of warrants on issue as at 30 June 2024 that would have a dilutive effect on earnings per share.

	2024 £	2023 £
Loss for the purposes of basic earnings per share being net loss attributable to the owners	(938,471)	(1,184,954)
Weighted average number of Ordinary Shares	74,655,987	68,876,857
Basic and diluted loss per share – pence	(1.26p)	(1.72p)

11 Property, plant and equipment

	IT hardware & software	Office equipment	Total
	£	£	£
Cost			
As at 30 June 2022	7,040	202	7,242
Additions	916	-	916
As at 30 June 2023	7,956	202	8,158
Additions	964	-	964
As at 30 June 2024	8,920	202	9,122

	IT hardware & software	Office equipment	Total
	£	£	£
Depreciation			
As at 30 June 2022	3,626	202	3,828
Charged in the year	1,822	-	1,822
As at 30 June 2023	5,448	202	5,650
Charged in the year	1,754	-	1,754
As at 30 June 2024	7,202	202	7,404
Net book value as at 30 June 2024	1,718	-	1,718
Net book value as at 30 June 2023	2,508	-	2,508

The depreciation expense is recognised in administrative expenses as set out in note 4.

12 Intangible assets

	Oil and gas exploration assets £
Cost	
As at 30 June 2022	3,303,400
Additions	924,494
Impairment	(356,532)
As at 30 June 2023	3,871,362
Additions	1,059,598
Farm-out	(332,349)
Impairment	(186,158)
As at 30 June 2024	4,412,453

Wages and salaries totalling £264,648 (2023: £305,972) were capitalised during the year (refer to note 7).

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.
https://orcadian.energy/wp-content/uploads/2021/07/110650.Orcadian.FinalReport.pdf

At the start of the 23/24 reporting period the Company owned 100% interests in three licences; P2244 containing the Pilot discovery, P2482 containing the Elke and Narwhal fields and P3230 containing the Blakeney discovery. The Company also held a 50% interest in licence P2516 with The Parkmead Group.

At the end of the 2024 reporting period the Company had farmed-out an 81.25% interest in P2244, and licences P2320 and P2516 had determined.

The Company had also been awarded three new licences in the 33rd Seaward Licensing Round. Those new licences were a 100% interest in licence P2680 (awarded 3 May 2024), a 50% interest in licence P2650 and a 50% interest in licence P2634 (both awarded 31 January 2024). The net costs incurred in advancing the licences held at the reporting date to their current state was £4,412,453 (2023: £3,871,362).

During 2024 the farm-out of an 81.25% interest in licence P2244 to Ping Petroleum UK Plc was completed in exchange for a series of cash payments, a future contingent cash payment on Field Development Plan approval by the NSTA and both a pre-development and development carry on the Pilot field through to first offload of oil. In accordance with our farm-out policy for assets at this stage of development (please refer to note 2.11) the cash proceeds in the year of £332,349 have been deducted from the carrying value of the assets.

Refer to Note 3 for details of impairment charge.

13 Trade and other receivables

	Group 2024	Group 2023	Company 2024	Company 2023
	£	£	£	£
VAT receivable	17,184	47,440	-	-
Other receivables	2,046	1,388	-	-
	19,230	48,828	-	-

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.

14 Cash and cash equivalents

	Group 2024	Group 2023	Company 2024	Company 2023
	£	£	£	£
Cash at bank and in hand	214,977	109,705	212,597	2,779

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

15 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.

	£
As at 30 June 2023	5,404,044
Additions	564,500
As at 30 June 2024	5,968,544

The additions during the year were advances to enable the subsidiary to continue work on the oil and gas exploration assets owned directly by the subsidiary. These costs have been capitalised rather than treated as an intercompany loan as they represent capital contributions and hence increase in value of the parent's investment.

16 Borrowings

	2024
	STASCO Loan £
As at 30 June 2023	991,339
Interest accrued	105,120
Effect of foreign exchange	(780)
As at 30 June 2024	1,095,679

The STASCO loan was entered in to on 22 July 2019. The total loan facility was US$1,000,000 which has been fully drawn down. The term of the loan facility is 4 years and is subject to interest at LIBOR plus 5% which is accrued quarterly. The total interest charge for the year was US$130,328 (£105,120) (2023: $98,427 (£80,007)), and a (£780) unrealised foreign exchange loss (2023: gain of £44,852) was incurred in the year in respect of this loan. The loan was due to be repaid by 13 March 2024 (Refer to note 24 for further detail).

As part of the overall arrangements IPC has acquired the loan advanced by Shell International Trading and Shipping Company Limited ("Shell") to Orcadian Energy (CNS) Ltd in August 2019. The amount owed to IPC and IPCNWE is US $1.5 million. IPCNWE has agreed to convert US $1.4 million of this into funding part of the consideration for MLCP to acquire its 50 per cent stake in Earlham and Orwell. The balance of US $100,000 will be exchanged for an Orcadian loan note, dated 30 June 2026, and convertible into approximately 312,500 Ordinary shares in Orcadian at a conversion price of 25 pence per share, Orcadian may require conversion of the loan note into Ordinary shares if Orcadian's volume weighted average share price ("VWAP") in each of five consecutive trading days is 35p or above.

	2023
	STASCO Loan £
As at 30 June 2022	956,184
Interest accrued	80,007
Effect of foreign exchange	(44,852)
As at 30 June 2023	991,339

17 Trade and other payables – due within one year

	Group 2024 £	Group 2023 £	Company 2024 £	Company 2023 £
Trade payables	545,604	196,354	-	-
Accruals	701,631	371,275	-	-
	1,247,235	567,629	-	-

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.

18 Ordinary share capital and share premium

Group & Company

Issued	Number of shares	Ordinary share capital £	Share premium £	Total share capital £
As at 30 June 2022	63,755,174	63,755	3,890,089	3,953,844
Issue of shares	8,757,143	8,757	1,581,243	1,590,000
Share issue costs	-	-	(154,800)	(154,800)
As at 30 June 2023	72,512,317	72,512	5,316,532	5,389,044
Issue of shares	6,488,095	6,488	843,512	850,000
Share issue costs	-	-	(79,500)	(79,500)
As at 30 June 2024	79,000,412	79,000	6,080,544	6,159,544

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.

Share warrants

2024	Warrants number	Weighted average exercise price - pence
Warrants as at 30 June 2023	75,000	40.0
Granted during the year	3,571,429	25.0
Exercise during the year	-	-
Lapsed during the year	-	-
Warrants as at 30 June 2024	3,646,429	25.3
Exercisable at year end	3,646,429	25.3

As at 30 June 2024 the weighted average remaining contractual life of the warrants outstanding was 4.44 years.

On 8 January 2024 the Company issued 3,571,429 placement warrants in connection with the Raise. These warrants are fully vested, have an exercise price of 25p and are exercisable for a period of five years.

2023	Warrants number	Weighted average exercise price - pence
Warrants as at 30 June 2022	75,000	40.0
Granted during the year	-	-
Exercise during the year	-	-
Lapsed during the year	-	-
Warrants as at 30 June 2023	75,000	
Exercisable at year end	75,000	40.0

As at 30 June 2023 the weighted average remaining contractual life of the warrants outstanding was 1.04 years.

The inputs into the Black-Scholes pricing model are as follows:

Grant date	15 Jul 2021
Exercise price	40.0 pence
Expected life	3 years
Expected volatility	77.32%
Risk free rate of interest	0.0242%
Dividend yield	Nil
Fair value of option	20.0 pence

Volatility has been estimated based on the average historic volatility of the share prices of a selection of three peer companies for a period equal to the expected term from the grant date.

Nature and purpose of equity and reserves

Equity and Reserve	Description and purpose
Ordinary share capital	Represents the nominal value of shares issued
Share premium reserve	Amount subscribed for share capital in excess of nominal value
Share warrants reserve	Value of warrants issued
Shares to be issued	Value of shares to be issued where share subscription agreements have been executed and the share placement completing post-reporting date.
Other reserve	Reserve created in accordance with the acquisition of Orcadian Energy (CNS) Ltd on 11 May, 2021
Retained earnings	Cumulative net gains and losses recognised in the Consolidated Statement of Comprehensive Income

19 Related parties

19.1 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, who are considered to be ultimate controlling parties (refer to note 20), at a rental of £1,000 per calendar month. The company pays for the services and business rates associated with the property. The lease is for a period of 1 year and is reviewed annually.

19.2. 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 7.

20. Ultimate controlling party

The Directors consider Stephen Brown and Julia Cane-Honeysett to be the ultimate controlling parties given their combined holding of 36.92% of the issued capital of the Company.

21. Financial instruments

The Company holds the following financial instruments:

Financial assets

	Group 2024	Group 2023	Company 2024	Company 2023
Financial assets at amortised cost:	£	£	£	£
Other receivables	2,157	1,500	-	-
Cash and cash equivalents	214,977	109,705	212,597	2,779
	217,134	**111,205**	**212,597**	**2,779**

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

	Group	Group	Company	Company
	2024	2023	2024	2023
Financial liabilities at amortised cost:	£	£	£	£
Trade payables	545,604	196,354	-	-
Borrowings – current	1,095,679	991,339	-	-
	1,641,283	**1,187,693**	**-**	**-**

22. Financial risk management

22.1 Financial risk factors

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

Risk management is carried out by the executive management team.

a) Market risk

The Group is exposed to market risk, primarily relating to interest rate, foreign exchange and commodity prices. The Group does not hedge against market risks as the exposure is not deemed sufficient to enter into forward contracts. The Group 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 Group'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 Group 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 Group considers the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk. The Group will only keep its holdings of cash with institutions which have a minimum credit rating of 'A'.

c) Liquidity risk

The Group'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 Group's significant remaining contractual maturities for financial liabilities at 30 June 2024, and 30 June 2023.

Contractual maturity analysis as at 30 June 2024

	Less than 12 Months £	1 – 5 Years £	Total £
Accounts payable	545,604	-	545,604
Accrued liabilities	701,631	-	701,612
STASCO Loan	1,095,679	-	1,095,679
	2,342,914	**-**	**2,342,914**

There were no contractual liabilities with maturity of greater than 5 years as at 30 June 2024.

Contractual maturity analysis as at 30 June 2023

	Less than 12 months £	1 – 5 years £	Total £
Accounts payable	196,354	-	196,354
Accrued liabilities	371,275	-	371,275
Other creditor	-	-	-
STASCO Loan	991,339	-	991,339
	1,558,968	**-**	**1,558,968**

There were no contractual liabilities with maturity of greater than 5 years as at 30 June 2023.

d) Foreign exchange risk

Foreign exchange risk arises where the Group has financial assets and liabilities in a different currency to the functional currency of the Group. Where this arises the Group will be exposed to gains and losses that arise on movements in the base currency of the financial asset/liability and the functional currency of the Group. For the year ended 30 June 2024, the Group's borrowings were denominated in US Dollars and thus is exposed to gains and losses arising on the value of the US Dollar relative to Pound Sterling (Refer to note 16).

22.2 Capital risk management

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

The Group defines capital based on the total equity and reserves of the Group. The Group 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.

23. Commitments

The Group has the following non-cancellable ongoing commitments required in order to maintain the Group's licences in good standing:

	2024	2023
	£	£
Due within one year	33,962	218,208
Later than one year but not later than five years	498,053	1,407,168
Total commitments	532,015	1,625,376

24. Events after the reporting period

On 1st July 2024 the Company announced that STASCO had agreed an extension to the loan repayment date to 5th July 2024.

On 5th July 2024 the Company announced that the funds were yet to be received from their industry partner and STASCO were reserving their rights under the facility agreement and other finance documents.

On 2nd August 2024 the Company announced that $100,000 had been received from its industry partner and the Company had made a payment of $100,000 to STASCO to reduce the loan balance.

On 5th September 2024 the Company announced that it had received a further $100,000 from its industry partner and that the Company had made a further $100,000 payment to STASCO to reduce the loan balance.

One 3rd December 2024 the Company announced the acquisition of 100% of the issued shares of HALO Offshore UK Ltd (HALO) from the joint liquidators of Hague and London Oil plc.

On 12th December 2024, the Company announced the farm-out of a 50% interest in a sub-area of licence P2680 to Marine Low Carbon Power Ltd. An element of this transaction included the assignment of the STASCO loan to IPC with the repayment terms extended to 30 June 2026 and an expectation of the loan being fully settled on completion of the P2680 farm out in early 2025.

On 13th December 2024, the Company announced the proposed sale of 50% of the total shares of HALO Offshore UK Ltd, (HALO), to IPC.