

BURREN ENERGY PLC

**ANNUAL REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2019**

REGISTERED OFFICE

**Eni House
10 Ebury Bridge Road
London
SW1W 8PZ**

Registered Number: 03492720

BURREN ENERGY PLC

DIRECTORS AND REGISTERED OFFICE

BOARD OF DIRECTORS

G L Ferrara
M Giusto
G Santellani
L Vignati
M Trezza

SECRETARY AND REGISTERED OFFICE

M Trezza
Eni House
10 Ebury Bridge Road
London
SW1W 8PZ

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
The Capitol
431 Union Street
Aberdeen
AB11 6DA

REGISTERED IN ENGLAND NO. 03492720

BURREN ENERGY PLC

STRATEGIC REPORT

The directors present their strategic report of Burren Energy Plc (the company) for the year ended 31 December 2019.

Principal activities

The company's principal activity during the year was to act as an investment holding company. The ultimate parent entity is Eni S.p.A.

Results and dividends

The company's income statement is set out on page 9. The company's profit after tax was \$629,000 (2018 - profit \$137,000).

During 2019, the company received a dividend income of \$9,800,000 (2018: \$nil) from its subsidiary company, Burren Energy India Limited.

A dividend amounting to \$9,800,000 was paid during 2019 (2018 – \$nil).

Business review and future developments

The directors expect the company and its subsidiaries, associates and jointly controlled entities to achieve positive results from future operations and activities.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks, set out in the notes to these financial statements. The company and its subsidiaries have adopted the most stringent standards, in accordance with Eni S.p.A. Group (Eni Group) requirements, for the evaluation and management of industrial and environmental risks.

Financial risk management

Commodity price: The company is exposed to oil price fluctuations, which are subject to international supply and demand as well as numerous other political factors. The guidelines of the Eni Group for the management of commodity risk contain limits to the price risk deriving from trading activities. Coordination in this area is carried out by a commodity risk assessment team operating at the Eni Group level.

Credit risk: The potential exposure of the company to loss in the event of non-performance by counterparty. The company follows guidelines of the Eni S.p.A. treasury department on the choice of highly credit-rated counterparties in their use of financial and commodity instruments, including derivatives.

Liquidity risk: The risk that suitable sources of funding for the company's business activities may not be available. The company has access to a wide range of funding at competitive rates through the capital markets and banks, and also has support from the ultimate parent company, Eni S.p.A. if required. The company believes it has access to sufficient funding to meet currently foreseeable borrowing requirements.

Financial risk: The company is not exposed to significant interest rate risks. The company is exposed to foreign exchange fluctuations relating to non-GBP (mainly USD) expenditures and receipts. Effective management of exchange rate risk is performed at the Eni Group level, within the central finance department which matches opposite positions of the group operating subsidiaries and hedges net positions using derivatives (such as currency swaps, forwards and options).

Business risk management

Operation risk: The company's operations present industrial and environmental risks and are therefore subject to extensive government regulations concerning environmental protection and industrial security. The broad scope of these activities involves a wide range of operational risks such as those of explosion, fire or leakage of toxic products, and production of non-biodegradable waste. Since exploration and production activities may take place on sites that are ecologically sensitive, each site requires a specific approach to minimise the impact on the related ecosystem, biodiversity and human health.

Principal risks and uncertainties (continued)

Impact on the United Kingdom's exit from the European Union

Having formally left the European Union on 31 January 2020, the UK is now in a transition period scheduled to last until 31 December 2020, pending further negotiations with the EU over the future trading relationship and security co-operation. During the transition period, EU law will (for the most part) continue to apply in the UK as before. Eni has set up a task force to monitor developments and consider further how best to minimise the impact of Brexit on its business going forward, as further information becomes available.

Impact of coronavirus (COVID-19)

The emergence and spread of the virus Covid-19 in early 2020 has affected business and economic activities in China and elsewhere. The subsequent rapid spread to a growing number of countries around the world triggered a profound correction in the prices of oil and other energy commodities due to the sudden drop in consumption because of increasingly stringent measures adopted by governments to contain the pandemic with serious repercussions on production.

The short-term trend in oil and gas prices will depend predominantly on the timing of containment of the spread of the pandemic and the ways in which the crisis will be managed. In the worst-case scenario, the pandemic could cause a global recession with significant negative consequences on hydrocarbon demand and commodity prices. This development would have significant effects on the company's results, cash flow, liquidity and business prospects, including the returns for the shareholder.

Eni group, and the company, are continually monitoring developments in the Oil & Gas sector related to Covid-19 and market and market conditions.

Key performance indicators

Key performance indicators are established each year in a business plan, which covers a number of strategic, operational, HSE and finance objectives for the operations of the Eni Group in the United Kingdom. The business plan is approved at Eni Group level, and key performance indicators of the Eni Group are disclosed in the annual report of Eni S.p.A., which is publicly available. The company's performance is dependent upon the performance of its subsidiary and associate companies and as such it does not have its own key performance indicators. Key performance indicators of all of its key subsidiary and associate companies are included in their respective financial statements, wherever required under the Companies Act 2006.

Section 172(1) UK Companies Act 2016 ("Act") Statement

Directors

As part of their induction a Director of the Company is informed of their Directors' Duties with specific reference to section 172(1) (a-f) and if necessary can seek additional support and advice from an independent adviser to ensure that they are aware and know the likely consequences of any decision the company makes in the long term.

Stakeholders

The directors of the company believe it is fundamentally important that the values and principles which guide the company are clearly defined, both internally and externally, in order to ensure that all company activities are implemented in compliance with the relevant laws and in a context of fair competition, honesty, integrity, fairness and good faith which would promote the success of the company for the benefit of its members as a whole having regard the interests of all its stakeholders: shareholders, workforce, suppliers, customers, lenders, government/tax authorities, pension schemes/trustees, community and environment. These values are embedded in the Eni Code of Ethics, approved by the Board of Directors of its ultimate parent company, Eni

S.p.A., on 23 November 2017 and by the Directors of the company on 28 March 2018. The Eni Code of Ethics sets out the challenges of sustainable development and the need to take into consideration the interests of all stakeholders to clearly define the values that the company will accept, acknowledge and share as well the responsibilities it assumes, contributing to a better future. The Eni Code of Ethics is brought to the attention of every person or body having business relations with the company.

BURREN ENERGY PLC

STRATEGIC REPORT

Section 172(1) UK Companies Act 2016 ("Act") Statement (continued)

Community and the Environment

In line with Sustainable Development Goal 8 adopted by Eni S.p.A., the ultimate parent company, one of the company's aim is to incentivise lasting, inclusive and sustainable economic growth, along with full, productive employment and dignified work for all.

Business Conduct


The Directors of the company believe that business has the responsibility to respect and support the fundamental human rights, as expressed in the Universal Declaration for Human Rights and the United Nations Guiding Principles on Business and Human Rights. The company is committed to maintaining and improving its practices to combat slavery and human trafficking violations in its operations and supply chain. These values are embedded in the Eni Modern Slavery Act Statement, approved by the Board of Directors of its ultimate parent company, Eni S.p.A., on 24 April 2019 and by the Directors of the company on 20 June 2019. Moreover, as an indirect subsidiary of Eni S.p.A. the Board of Directors have adopted the Eni internal Regulatory System including Management System Guidelines which sets out internal policies to achieve a high standard of business conduct. All Board of Directors decisions are taken with regard to section 172 of the Act.

Shareholders

The Board of Directors consider and only approve items of business that would promote the success of the company and in the best interests of the company, the company's immediate shareholders, the ultimate parent Eni S.p.A. and its stakeholders.

On behalf of the Board

M Giusto
7 May 2020


Manfredi Giusto (May 7, 2020)

BURREN ENERGY PLC

DIRECTORS' REPORT

The directors present their report and audited financial statements of the company for the year ended 31 December 2019.

Directors

The present directors of the company are listed on page 1 and have held office throughout the year with the following exceptions:

- F Rinaldi resigned as a director on 18 November 2019,
- M Giusto was appointed as a director on 18 November 2019,
- E Trovato resigned as a director on 10 September 2019,
- G Satellani was appointed as a director on 10 September 2019.

Certain directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of the approval of the financial statements.

Post balance sheet events

The emergence and spread of the virus Covid-19 in early 2020 has affected business and economic activities in China and around the world, including UK. The subsequent rapid spread to a growing number of countries around the world triggered a profound correction in the prices of oil and other energy commodities due to the sudden drop in consumption because of increasingly stringent measures adopted by governments to contain the epidemic with serious repercussions on production. In early April, the members of the OPEC + cartel reached an agreement on production cuts required by some of them to react to the effects of Covid-19, however, oil and gas prices continue to be under significant pressure of over-supply and other factors.

The short-term trend in oil and gas prices will depend predominantly on the timing of containment of the spread of the pandemic and as well as the ways in which the crisis will be managed. In a possible worst-case scenario, the pandemic could cause a global recession with significant negative consequences on hydrocarbon demand and commodity prices. This development would have significant effects on the company's results, cash flow, liquidity and business prospects, including the returns for the shareholder. However, Eni group and the company maintain a high degree of financial flexibility in order to deal with unforeseen events and significant reductions in oil and gas prices and demand, which the directors consider to be sufficient to mitigate the impact of such a worst-case scenario.

Eni group and the company are continually monitoring developments in the Oil & Gas sector related to Covid-19 and market conditions.

Going concern

The directors are satisfied that the company has adequate financial resources, including access to Eni group financial resources, to continue to operate for the foreseeable future and meet its obligations as they fall due.

The company's forecasts and projections demonstrate that its assets are expected to generate free cash flow over the 12 months from the date of this report. If there is a sustained lower oil price, that is not offset by operating cost or capital expenditure savings, the cash flow or liquidity shortages will be balanced by the company's participation in the group cash pooling arrangements and the availability of funds and lines of credit to Eni Spa.

As a consequence, the directors have a reasonable expectation that the company is well placed to manage its business risks and generate sufficient funds to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Financial instruments

Details on the use of financial instruments and financial risk management are included in the relevant notes in the financial statements.

BURREN ENERGY PLC

DIRECTORS' REPORT

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

Provision of information to auditors

The directors, as at the date of this report, have confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

Due to the Eni Group policy of rotating auditors every nine years, Ernst & Young LLP were not re-appointed by the Company. Following a formal tender process by the Eni Group, PricewaterhouseCoopers Italy were selected as their replacement in Italy and as group auditors. PricewaterhouseCoopers LLP (PWC) indicated their willingness to act as auditors of the Company for the year ended 31 December 2019 and their appointment was approved at a directors' meeting and general meeting. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

By order of the Board

M Trezza
Secretary
7 May 2020


Mila Trezza (May 7, 2020)

Independent auditors' report to the members of Burren Energy Plc

Report on the audit of the financial statements

Opinion

In our opinion, Burren Energy Plc's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2019; the income statement, the statement of changes in shareholders' equity for the year then ended; the statement of accounting policies; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Independent auditors' report to the members of Burren Energy Plc

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Kevin Reynard (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen
7 May 2020

BURREN ENERGY PLC**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	<u>2019</u> \$'000	<u>2018</u> \$'000
Dividend income		9,800	-
Impairment charge	10	(9,591)	-
Other service costs and expenses	2	(365)	(549)
Operating loss		<u>(156)</u>	<u>(549)</u>
Interest receivable and similar income	5	1,149	876
Interest payable and similar charges	6	<u>(364)</u>	<u>(190)</u>
Profit before taxation		629	137
Taxation	7	<u>-</u>	<u>-</u>
Profit for the financial year		<u>629</u>	<u>137</u>

The current and prior year results have been derived wholly from continuing operations.

BURREN ENERGY PLC**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Share Capital	Share Premium Account	Retained Earnings	Shareholders' Equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2018	48,086	89,806	22,200	160,092
Profit and total comprehensive income for the year	-	-	137	137
Balance at 31 December 2018	48,086	89,806	22,337	160,229
Profit and total comprehensive income for the year	-	-	629	629
<i>Transaction with owners in their capacity as owners:</i>				
Dividend paid to equity shareholder	-	-	(9,800)	(9,800)
Balance at 31 December 2019	48,086	89,806	13,166	151,058

BURREN ENERGY PLC (Registered number: 3492720)**BALANCE SHEET
AS AT 31 DECEMBER 2019**

	Note	<u>2019</u> \$'000	<u>2018</u> \$'000
Assets			
Current assets			
Cash and cash equivalents	8	30,226	29,832
Trade and other receivables	9	5,223	5,201
Total current assets		35,449	35,033
Non-current assets			
Investments	10	115,713	125,304
Total assets		151,162	160,337
Liabilities			
Current liabilities			
Trade and other payables	11	104	108
Total liabilities		104	108
Shareholders' equity			
Share capital	12	48,086	48,086
Share premium account		89,806	89,806
Retained earnings		13,166	22,337
Total shareholders' equity		151,058	160,229
Total liabilities and shareholders' equity		151,162	160,337

The financial statements from page 9 to 22 were approved by the Board on 28th February 2020 and signed at a later date.

On behalf of the Board

gian luigi ferrara
gian luigi ferrara (May 7, 2020)

G L Ferrara
Director
7 May 2020

BURREN ENERGY PLC

STATEMENT OF ACCOUNTING POLICIES

General information

The company is a public limited company, by shares, incorporated and domiciled in England.

The principal accounting policies adopted in the preparation of the financial statements are set out below:

Basis of preparation

These financial statements were prepared in accordance with the Companies Act 2006, Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, except for financial assets and financial liabilities that have been measured at fair value through profit or loss. The accounting policies have been applied consistently, other than where new policies have been adopted due to the changes in accounting standards.

The financial statements have been prepared on a going concern basis. See page 5 of the Directors' report for further details.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to:

- (a) the requirements of IFRS 7 Financial Instruments: Disclosures;
- (b) the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- (c) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
 - (iii) paragraph 118(e) of IAS 38 Intangible Assets.
- (d) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135c-135e of IAS 36, Impairment of Assets;
- (e) the requirements of IAS 7 Statement of Cash Flows;
- (f) the requirements of paragraphs 91 – 99 of IFRS 13 Fair Value Measurement;
- (g) the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- (h) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors in relation to standards not yet effective;
- (i) the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures; and
- (j) the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- (k) paragraph 118(e) of IAS 38 Intangible assets

Where required, equivalent disclosures are given in the group financial statements of Eni S.p.A. The group financial statements of Eni S.p.A. are available to the public and can be obtained as set out in note 1.

Adoption of new and revised standards

New and amended standards and interpretations

The company applied for the first time standards, amendments and interpretations to existing standards, issued by the International Accounting Standards Board (IASB) and endorsed by the EU, which are relevant to the company and are effective for the annual accounting periods beginning on or after 1 January 2019. The company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Although these new standards and amendments applied for the first time in 2019, they did not have a material impact on the financial statements of the company. In particular the adoption of IFRS 16 "Leases" did not have a material impact on the opening balances of the company's financial statements.

BURREN ENERGY PLC

STATEMENT OF ACCOUNTING POLICIES

Presentation of comparative financial data

Some comparative figures have been reclassified in order to ensure the comparability of the figures with the year ended 31 December 2019. These reclassifications have no impact on the company's results or net assets.

Consolidation

Consolidated financial statements have not been prepared for the company as it is a subsidiary of Eni S.p.A., a company incorporated in Italy, which will prepare consolidated financial statements as stated in note 1. The company has taken advantage of the exemption available under International Financial Reporting Standards to present separate financial statements in accordance with paragraph 10 IAS 27 (R). In addition, under section 400 of the Companies Act 2006 the company is exempt from the general requirement to prepare consolidated financial statements. This can be applied as the immediate parent is established under the laws of an EEA state (European Economic Area).

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Investments

Other investments, including investments in subsidiaries, are shown at cost less any provision for impairment.

BURREN ENERGY PLC

STATEMENT OF ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, the Company's current bank accounts and short-term deposits originally due, generally, within 90 days, readily convertible to known amount of cash and subject to an insignificant risk of changes in value.

Cash deposited in some bank accounts held with Banque Eni SA (BESA)¹ may be subject to cash pooling arrangements with the ultimate parent company Eni SpA². The Company has the full availability of these bank accounts without any restrictions; neither BESA nor the ultimate parent company can block withdrawals. Cash pooling accounts are balanced on a daily basis and the true intent of these accounts is to ensure settlements of payments to vendors and/or cash collections from customers.

Deposits held with Eni Finance International S.A. (EFI)³ are classified as cash equivalents considering that: (i) they are highly liquid, available on demand or in the short term and have terms that are similar to those which would be expected if the deposits had been made with an independent third party financial institution; (ii) EFI maintains sufficient cash and liquid resources, along with access to credit lines, to meet all inter-company obligations simultaneously. The Company has full availability of the deposits held with EFI (i.e. no restriction to modify maturity date); if the Company needs to anticipate or terminate earlier a deposit, there is no penalty on the change of period requested.

Foreign currencies

The company's functional and presentation currency is US Dollars. All financial information has been rounded to the nearest thousand (\$'000), unless otherwise indicated. Transactions denominated in a foreign currency are converted to US Dollars at rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies have been translated at the rates ruling at the balance sheet date. The resulting exchange gains or losses are recognised in the income statement. Year-end rate: 1 USD = GBP 0.7579 (2018 - 0.7827).

Financial instruments

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them.

Financial assets

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The company's financial assets held at amortised cost include trade and other receivables.

Financial liabilities

Financial liabilities are classified in the balance sheet as Trade and other payables.

¹ BESA is a Belgian regulated bank subject to the banking regulatory requirements.

² Although Eni SpA is not a financial institution, it performs its financial activities within specific Board approved limits.

³ EFI is the company responsible for the centralised funding of some foreign Eni Group companies and for collecting their financial surpluses.

STATEMENT OF ACCOUNTING POLICIES

Use of accounting estimates, judgements and assumptions

The company's Financial Statements are prepared in accordance with FRS101. This requires the use of estimates and assumptions that affect the assets, liabilities, revenues and expenses reported in the financial statements, as well as amounts included in the notes thereto, including discussion and disclosure of contingent liabilities. Estimates made are based on complex or subjective judgements, past experience or other assumptions deemed reasonable in consideration of the information available at the time. The accounting policies and areas that require the most significant judgements and estimates to be used in the preparation of the Financial Statements are in relation to the accounting for impairment of investments. Although the company uses its best estimates and judgements, actual results could differ from the estimates and assumptions used.

Impairment of non-financial assets

The company assesses its investments for possible impairment if there are events or changes in circumstances that indicate the carrying values of the assets are not recoverable. Such indicators include changes in the company's business plans, changes in commodity prices leading to unprofitable performance and, for oil and gas properties, significant downward revisions of estimated proved reserve quantities.

Proved oil and gas reserves are the estimated quantities of crude oil, natural gas and natural gas liquids, which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions, that is, prices and costs as at the date that the estimate is made.

- (i) Reservoirs are considered proved if reserves that can be economically produced are supported by either actual production or conclusive formation tests. The area of a reservoir considered proved includes: (a) that portion delineated by drilling and defined by gas-oil or oil-water contacts, if any, or both, and; (b) the immediately adjoining portions not yet drilled, but which can be reasonably judged as economically productive on the basis of available geological and engineering data. In the absence of information on fluid contacts, the lowest known structural occurrence of hydrocarbons controls the lower proved limit of the reservoir.
- (ii) Reserves that can be produced economically through the application of improved recovery techniques (such as fluid injection) are generally only included in the proved classification if successful testing by a pilot project, or the operation of an installed programme in the reservoir, provides support for the engineering analysis on which the project or programme was based.
- (iii) Estimates of proved reserves do not include the following: (a) crude oil, natural gas and natural gas liquids that may become available from known reservoirs but are classified separately as indicated additional reserves; (b) crude oil, natural gas and natural gas liquids, the recovery of which is subject to reasonable doubt because of uncertainty as to geology, reservoir characteristics, or economic factors; and (c) crude oil, natural gas and natural gas liquids that may be recovered from oil shales, coal and other such sources.

Determination as to whether and how much an asset is impaired involves management estimates on highly uncertain matters such as future commodity prices, the effects of inflation and technology improvements on operating expenses, production profiles and the outlook for global or regional market supply and demand conditions for crude oil, natural gas, commodity chemicals and refined products, and the discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

BURREN ENERGY PLC

NOTES TO THE FINANCIAL STATEMENTS

1 Parent undertakings

The company's immediate parent undertaking is Eni UK Holding plc, a company incorporated in England, United Kingdom.

The company's ultimate parent undertaking, Eni S.p.A., a company incorporated in Italy with registered office at Piazzale Enrico Mattei, 1 00144 Rome, will produce consolidated financial statements for the year ended 31 December 2019, which will be available from its website (www.eni.com) or on request to Eni S.p.A., Via Emilia 1, 20097 San Donato Milanese, Italy.

The parent company of the largest and smallest group into which the company is consolidated is Eni S.p.A.

2 Other service costs and expenses

	2019	2018
	\$'000	\$'000
Group undertakings	369	574
Third parties	(4)	(25)
	<u>365</u>	<u>549</u>

3 Operating loss

Operating loss is stated after charging the following amounts:

	2019	2018
	\$'000	\$'000
Audit services	5	19
Foreign exchange gain	<u>361</u>	<u>204</u>

4 Directors' remuneration and employees

The directors' remuneration was as follows:

	2019	2018
	\$'000	\$'000
Emoluments	376	401
Total remuneration	<u>376</u>	<u>401</u>

Remuneration of the director is borne by Eni Turkmenistan Ltd, an indirect subsidiary of Burren Energy Plc. The remuneration disclosed above is related to the services provided to both Burren Energy Plc and its subsidiaries.

No other directors received any remuneration in relation to their roles as directors of Burren Energy Plc, and their time spent in their capacity as directors of Burren Energy Plc is negligible.

The company has nil employee (2018: nil).

Highest paid director

The highest paid director received \$367,000 (2018: \$401,000) total remuneration.

The key management personnel of the company comprise the Board of Directors of the company. The compensation of key management personnel is set out above. There are no personnel, other than the directors, who have the authority and responsibility for planning, directing and controlling the activities, directly or indirectly, of the company. The directors do not believe that any other employees meet the definition of key management personnel under IAS 24 Related party disclosures.

BURREN ENERGY PLC

NOTES TO THE FINANCIAL STATEMENTS

5 Interest receivable and similar income

	2019 \$'000	2018 \$'000
Group undertakings.	<u>1,149</u>	<u>876</u>

6 Interest payable and similar charges

	2019 \$'000	2018 \$'000
Group undertakings	<u>364</u>	<u>190</u>

7 Taxation

The charge for the year comprises:

	2019 \$'000	2018 \$'000
Current tax at 19% (2018 – 19%)		
UK corporation tax on profits for the period	-	-
Adjustment in respect of previous periods	<u>-</u>	<u>-</u>
Total current tax	<u>-</u>	<u>-</u>

The tax assessed for the period is lower (2018 – lower) than the standard rate of corporation tax applicable to companies in the UK of 19% (2018– 19%). The differences are explained below:

	2019 \$'000	2018 \$'000
Profit before taxation	629	137
Taxation on profit before tax at 19% (2018 – 19%)	120	26
Income not taxable	(1,867)	(8)
Expenditure not allowable for tax	1,822	
Group relief claimed	<u>(75)</u>	<u>(18)</u>
Total current tax	<u>-</u>	<u>-</u>

BURREN ENERGY PLC

NOTES TO THE FINANCIAL STATEMENTS

7 Taxation (continued)

Unrecognised deferred tax

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate, to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements. In November 2019, the Prime Minister announced that he intended to cancel the future reduction in corporate tax rate from 19% to 17%. This announcement does not constitute substantive enactment and therefore deferred taxes at the balance sheet date continue to be measured at the enacted tax rate of 17%. However, it is possible that the corporation tax rate remains at 19% after 1 April 2020.

The deferred corporation tax asset calculated at the rate of 17% (2018 - 17%) which was not recognised in the financial statements amounted to:

	2019 Unprovided amount \$'000	2018 Unprovided amount \$'000
Unrecognised tax losses carried forward	8,880	8,880
Accelerated capital allowances carried forward	36,817	36,817
Total	45,697	45,697

The directors consider it unlikely that there will be suitable taxable profits from which the future reversal of the underlying timing differences could be deducted; therefore the deferred tax asset was not recognised.

8 Cash and cash equivalents

	2019 \$'000	2018 \$'000
Cash at bank and in hand		
Group undertakings	226	232
Short term deposits		
Group undertakings	30,000	29,600
	30,226	29,832

Short-term deposits are held with Eni Finance International S.A. which, is a subsidiary of Eni S.p.A. These are repayable within 3 months, and carry interest rates, which vary in-line with market rates. The effective interest rate on short-term deposits was 1.65%-2.50% during 2019 (2018: 1.50%-3.06%). All deposits mature within one month of year end.

Eni Finance International S.A. has a credit rating of Baa1 as issued by Moody's. The company believes that the carrying amounts are a reasonable approximation to the fair value.

BURREN ENERGY PLC

NOTES TO THE FINANCIAL STATEMENTS

9 Trade and other receivables

	<u>2019</u> \$'000	<u>2018</u> \$'000
Third parties	4,473	4,451
Group undertakings	<u>750</u>	<u>750</u>
	5,223	5,201

The company believes that the carrying amounts are a reasonable approximation to the fair value.

The receivables are unsecured in nature and bear no interest. All the receivables are current and not impaired. The carrying amounts are all denominated in US dollars. The maximum exposure to credit risk at the reporting date is the fair value mentioned above. The company does not hold any collateral security.

Credit risk is the potential exposure of the company and its subsidiaries to loss in the event of non-performance by a counterparty. The credit risk arising from the company's normal commercial operations is controlled according to guidelines established by the Eni Group. In addition, the company follows guidelines of the Eni S.p.A. treasury department on the choice of highly credit-rated counterparties in their use of financial and commodity instruments, including derivatives.

The company has not experienced material non-performance by any counterparty. As of 31 December 2019, the company has no significant concentrations of credit risk (2018 – \$nil). The maximum exposure to credit risk is equal to the carrying amount of the trade and other receivables.

10 Investments

	<u>2019</u> \$'000	<u>2018</u> \$'000
Subsidiaries		
Cost		
At 1 January and 31 December	<u>246,353</u>	<u>246,353</u>
Accumulated impairment		
At 1 January	(121,049)	(121,049)
Impairment charge	(9,591)	-
At 31 December	<u>(130,640)</u>	<u>(121,049)</u>
Net book value	<u>115,713</u>	<u>125,304</u>

As a result of the annual impairment review, an impairment charge of \$9,591,000 (2018: \$nil) was recognised in 2019. The impairment arises due to the distribution of dividends in the year from the subsidiaries. The annual impairment review calculates the carrying value of its investments to their recoverable amounts based on the fair value of subsidiaries held, calculated using their net assets and net present value of the underlying operating assets held by the subsidiaries.

BURREN ENERGY PLC

NOTES TO THE FINANCIAL STATEMENTS

10 Investments (continued)

As at 31 December 2019 and 31 December 2018, the direct subsidiaries of the company are as follows:

Name of company and country of registration	Class of share /stock	Principal activity	Proportion of voting shares held %	Direct/ Indirect holding	Currency	Registered address
Burren Energy (Bermuda) Limited (Registered in Bermuda)	Class A redeemable preference \$1 share Class B redeemable preference \$1 share Ordinary \$0.50 shares	Holding Company	100	Direct	USD	A
Burren Energy India Limited (Registered in the United Kingdom)	Ordinary £1 shares	Holding Company	100	Direct	USD	B
Eni Yemen Limited (Registered in the United Kingdom)	Ordinary £1 shares	Oil and gas exploration and production	100	Direct	USD	B
Burren Energy (Egypt) Limited (Registered in the United Kingdom)	Ordinary £1 shares	Oil and gas exploration and production	100	Direct	USD	B

A. Thistle House, 4 Burnaby Street, Hamilton, HM11, Bermuda

B. Eni House, 10 Ebury Bridge Road, London SW1W 8PZ

The other investments in which the company has a significant interest of 20% or more are set out in note 14.

11 Trade and other payables

	2019 \$'000	2018 \$'000
Amounts owed to group undertakings	87	1
Accruals	17	107
	104	108

The payables to related parties arise mainly from purchase of services and are due one month after the date of purchase. The payables are unsecured and bear no interest.

The company believes that the carrying amounts are a reasonable approximation to the fair value.

BURREN ENERGY PLC

NOTES TO THE FINANCIAL STATEMENTS

12 Share capital

	2019	2018
	\$'000	\$'000
Issued and fully paid:		
144,095,115 ordinary shares of 20p each (2018 - 144,095,115)	48,086	48,086

13 Contingencies

At 31 December 2019 and 31 December 2018, there were no contingent liabilities for which, in the opinion of the directors, a loss is expected to arise.

14 Other investments

The following list of subsidiaries and associate companies include the direct and indirect investments above 20% shareholding held by the company:

Name of company	Country of incorporation	Ownership at 31 December	Registered
		2019 and 2018	address
Subsidiaries under Burren Energy (Bermuda) Ltd:			
Eni Turkmenistan Ltd	Bermuda	100%	A
Burren Energy Congo Ltd	British Virgin Islands	100%	E
Subsidiaries under Burren Energy Congo Ltd:			
Zetah (Congo) Ltd	Bahamas	33%	D
Zetah (Kouilou) Ltd	Bahamas	37%	D
Subsidiaries under Burren Energy India Ltd:			
Burren Shakti Ltd	Bermuda	100%	A

- A. Thistle House, 4 Burnaby Street, Hamilton, HM11, Bermuda
- B. Eni House, 10 Ebury Bridge Road, London SW1W 8PZ
- C. P.O. Box N-10144, Gresham House, Charlotte Street, South Nassau, Bahamas
- D. Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, VG1110, British Virgin Islands

15 Post balance sheet events

The emergence and spread of the virus Covid-19 in early 2020 has affected business and economic activities in China and around the world, including UK. The subsequent rapid spread to a growing number of countries around the world triggered a profound correction in the prices of oil and other energy commodities due to the sudden drop in consumption because of increasingly stringent measures adopted by governments to contain the epidemic with serious repercussions on production. In early April, the members of the OPEC + cartel reached an agreement on production cuts required by some of them to react to the effects of Covid-19, however, oil and gas prices continue to be under significant pressure of over-supply and other factors.

15 Post balance sheet events (continued)

The short-term trend in oil and gas prices will depend predominantly on the timing of containment of the spread of the pandemic and as well as the ways in which the crisis will be managed. In a possible worst-case scenario, the pandemic could cause a global recession with significant negative consequences on hydrocarbon demand and commodity prices. This development would have significant effects on the company's results, cash flow, liquidity and business prospects, including the returns for the shareholder. However, Eni group and the company maintain a high degree of financial flexibility in order to deal with unforeseen events and significant reductions in oil and gas prices and demand, which the directors consider to be sufficient to mitigate the impact of such a worst-case scenario.

Eni group and the company are continually monitoring developments in the Oil & Gas sector related to Covid-19 and market conditions.