

Company Registration No: 08534721

PREMIER OIL ANDAMAN LIMITED

**Annual report and audited financial statements
for the period ended 31 December 2019**



Premier Oil Andaman Limited

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Premier Oil Andaman Limited

OFFICERS

Directors

A R C Durrant

A G Gibb

R A Rose

Secretary

D A Rose

Registered Office

23 Lower Belgrave Street

London

SW1W 0NR

England

Auditor

Ernst & Young LLP

Auditor

1 More London Place

London

SE1 2AF

United Kingdom

Premier Oil Andaman Limited

DIRECTORS' REPORT

The directors present their annual report on the affairs of Premier Oil Andaman Limited ("the Company"), together with the financial statements, for the period ended 31 December 2019.

In preparing the directors' report, advantage has been taken of the small companies' exemption. The report of the directors has been prepared in accordance with the special provision in part 15 of the Companies Act 2006 and the exemptions entitled to it under section 415A. The Company is exempt from preparing a strategic report.

PRINCIPAL ACTIVITY

The Company was incorporated on 15 May 2013 and is part of the Premier Oil plc group of companies. In February 2018, the Company changed its name from Premier Oil A Limited with its shareholding transferring to Premier Oil Overseas B.V from EnCore Oil Limited. The Company's principal activity is that of oil and gas exploration. The directors do not foresee any changes in the Company's activities in the immediate future.

The Company was awarded a 40 per cent operated interest in the Andaman II licence in the underexplored but proven North Sumatra basin offshore Aceh in the 2017 Indonesian Licence Round with the Company signing the Production Sharing Contract on the 5 April 2018. A 3D seismic acquisition programme was completed in the first half of 2019, fast track data received in September confirmed the prospective nature of the acreage and the fully processed seismic data was received in April 2020. Drilling is expected to take place in 2022. The licence has the potential to deliver significant gas volumes and adds a potentially material new gas play to Premier's Indonesian portfolio.

DIRECTORS

The directors who served throughout the year, except as noted, were as follows:

R A Allan resigned 25 June 2020
A R C Durrant
A G Gibb
R A Rose

SUBSEQUENT EVENTS

Refer to detailed note 11 to the Financial Statements regarding the corporate actions and the macro-economic environment.

DIRECTORS' INDEMNITIES

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

GOING CONCERN

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. The Company is part of the Premier Oil plc group (the "Group") and is reliant on the provision of financial support from its parent and other group companies. In addition, the Company is a guarantor company on the Group's principal financing arrangements.

As disclosed in note 1 to the Financial Statements, the Directors of the Company have highlighted material uncertainties regarding (1) the Group's compliance with its financial covenants and (2) its ability to refinance its existing loan arrangements in the current economic climate and the potential risk of either of these risks resulting in the Group's and/or the Company's loan arrangements becoming repayable on demand in the next 12 months. These material uncertainties may cast significant doubt on the Company's ability to continue to apply the going concern basis of accounting.

Premier Oil Andaman Limited

DIRECTORS' REPORT (continued)

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- (2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:



R A Rose
DIRECTOR
30 June 2020

Premier Oil Andaman Limited

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 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;
- 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to Members of Premier Oil Andaman Limited

Opinion

We have audited the financial statements of Premier Oil Andaman Limited ('the company') for the year ended 31 December 2019 which comprise the Balance Sheet and the related notes 1 to 10, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 below. 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 and the provisions available for small entities, in the circumstances set out in note 1 to the financial statements, 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 1 in the financial statements, which indicates that there is uncertainty regarding (1) the Group's (Premier Oil plc) compliance with its financial covenants and (2) its ability to refinance its existing loan arrangements in the current economic climate. As stated in note 1, these conditions, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

We describe below how our audit responded to the risk relating to going concern:

- The audit engagement partner increased his time directing and supervising the audit procedures on going concern;
- Our audit procedures have focused on management's estimation process including the key assumptions used in the Directors' assessment and cash flow model including oil prices, production profiles and future costs. We performed our own sensitivity calculations on key assumptions to test the adequacy of the available headroom;
- We engaged the EY Valuation, Modelling and Economics team to test the integrity of the model.
- We held regular conversation with management to understand the progress of the stable platform agreement, including covenant waivers and continued access to the RCF;
- We held conversations with the advisors to the creditors informal working group and Premier's advisors to substantiate the status of negotiations;
- We considered whether management has exercised any bias in selecting their assumptions. We identified forecast oil prices as the key assumption in the liquidity assessment. We audited management's oil and gas price assumptions in their base case. Our audit procedures included a comparison of management's price assumptions with those of market participants released since 9 March 2020 when significant price volatility was first observed;

Independent Auditor's Report to Members of Premier Oil Andaman Limited (continued)

Material uncertainty related to going concern (continued)

- We performed reverse stress testing over prices in response to the recent market volatility, to identify the sensitivity of Premier's liquidity against oil price;
- We compared forecast future cash flows to historical data, ensuring variations are in line with our expectations and understanding of the business and considered the reliability of past forecasts;
- We tested the mathematical accuracy and integrity of the model;
- We tested the covenant calculations to ensure they had been calculated correctly in accordance with the 2017 debt override agreement; and
- We reviewed the disclosures made in the financial statements, as highlighted in the above section of our opinion covering going concern.

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.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 the 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 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 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.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Independent Auditor's Report to Members of Premier Oil Andaman Limited (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, 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.

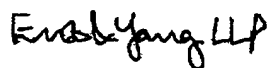
Auditor's responsibilities for the audit of the financial statements

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://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

Ernst & Young LLP

Gary Donald (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
30 June 2020

Premier Oil Andaman Limited

BALANCE SHEET As at 31 December 2019

	<i>Notes</i>	<i>2019 US\$</i>	<i>2018 US\$ Restated</i>
FIXED ASSETS			
Intangible fixed assets	5	4,824,827	1,031,753
		<u>4,824,827</u>	<u>1,031,753</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	6	362,855	688,650
Cash at bank		100,624	70,885
		<u>463,479</u>	<u>759,535</u>
CREDITORS: amounts falling due within one year	7	(5,288,206)	(1,791,188)
NET CURRENT LIABILITIES		<u>(4,824,727)</u>	<u>(1,031,653)</u>
NET ASSETS		<u>100</u>	<u>100</u>
CAPITAL AND RESERVES			
Called up share capital	8	100	100
SHAREHOLDERS' FUNDS		<u>100</u>	<u>100</u>

Premier Oil Andaman Limited (registered number 08534721) did not trade during the current or preceding period and has neither profit nor loss, nor any other items of comprehensive income.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime within part 15 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements and related notes were approved and authorised for issue by the Board of Directors on 30 June 2020 and signed on its behalf by:



R A Rose
DIRECTOR

Premier Oil Andaman Limited

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2019

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Premier Oil Andaman Limited ("the Company") is a private company limited by shares incorporated in England and Wales under the Companies Act 2016. The address of the registered office is 23 Lower Belgrave Street, London, SW1W 0NR.

These financial statements are separate financial statements. The Company is a subsidiary of Premier Oil plc. The group financial statements of Premier Oil plc are available to the public and can be obtained from 23 Lower Belgrave Street, London, SW1W 0NR or on the Company website www.premier-oil.com. The registered office address of the parent Company preparing consolidated financial statements is 4th Floor, Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EN.

These financial statements are presented in United States Dollar ("USD") since that is the currency in which the majority of the Company's transactions are denominated.

The Company has taken advantage of the exemption to prepare a cash flow statement or disclose details of any related party transactions, as there has been no movement in the current or prior year.

Basis of accounting

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards and law. The accounts comply with the requirements of the Companies Act 2006: Statement of Recommended Practice applicable to companies preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102 1A).

Going Concern

The company is part of the Premier Oil plc group (the "Group") and has financial support available to it from its parent and other group companies if required. In addition, the Company is a guarantor company on the Group's principal loan arrangements. The Group monitors its capital position and its liquidity risk regularly throughout the year to ensure that it has sufficient funds to meet forecast cash requirements. Sensitivities are run to reflect latest expectations of expenditures, forecast oil and gas prices and other negative economic scenarios in order to manage the risk of funds shortfalls or covenant breaches and to ensure the Group's ability to continue as a going concern.

After the year end, the spread of COVID-19 and measures introduced by governments across the world to manage the pandemic led to an unprecedented drop in global demand for oil. In addition, a disagreement within OPEC+ on or about 7 March, 2020 triggered an oil price war that caused the largest one-day fall in the oil price since 1991.

The Group has prepared forecast cash flows for the 12 months to 30 June 2021 using an oil price assumption of US\$30 for the rest of 2020 and US\$40 for 2021 and has deferred capital expenditure of c.US\$100 million. Using these assumptions, under the Base case the Group has sufficient liquidity for the rest of 2020; however, a covenant breach is expected to arise for the 12 month period ending 30 June 2020. Given the extreme volatility in current oil prices, the Directors have performed reverse stress testing with the breakeven price for liquidity, assuming the Stable Platform is agreed and the debt maturity in May 2021 is extended, being an average of c.US\$20bbl in the 12 months to 30 June 2021.

A breach of one or more of the Group's financial covenants would cause an event of default under the loan arrangements, which could in turn trigger cross-defaults into the other Group companies. Since this company is a guarantor company on the Group's principal loan arrangements, the event of default could result in an acceleration of the repayment of the loan arrangements of the entire group, with the outstanding loan balances becoming repayable on demand within the going concern period and the cancellation of the relevant facilities. If an event of default were to occur at the Group, the Company would not be able to rely on the support of the Group and may not be able to meet its liabilities as they fall due.

Premier Oil Andaman Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period ended 31 December 2019

1. ACCOUNTING POLICIES (continued)

Going Concern (continued)

In addition to the risk of a covenant breach, the Group's financing facilities are due for maturity in May 2021 which is within the going concern period. In the current global economic environment, there is no guarantee that the Group will be able to extend its current loan arrangements on favourable terms. Therefore, management have already commenced discussions with the Group's major lenders regarding an extension of its existing loan arrangements and waiving of the existing financial covenants until the extension is agreed. The Group has made good progress with a subset of its major creditors representing over 40 per cent of its debt facilities in agreeing principal terms to a "Stable Platform" agreement, which includes the waiving of its financial covenants until 30 September 2020 and to provide continued access to its revolving credit facilities. Management believe it is likely that further covenant waivers would be received if required beyond this date. This agreement has been submitted to the entire lender group for their consent, which is expected to be received in early July 2020. Discussions continue over the proposed amendments to the Group's existing credit facilities and are expected to conclude in Q3 2020, with the expectation being that the debt maturities will be extended or restructured prior to May 2021.

The uncertainties regarding (1) the Group's compliance with its financial covenants and (2) its ability to refinance its existing loan arrangements in the current economic climate and the potential risk of either of these risks resulting in the Group's and/or the Company's loan arrangements becoming repayable on demand in the next 12 months creates material uncertainties which therefore may cast significant doubt on the Company's ability to continue to apply the going concern basis of accounting. However, based on the expectation that the Stable Platform agreement will be completed in early July 2020 management has every expectation a covenant waiver would be received prior to any acceleration of repayment of the Group's loan arrangements during the going concern period. In addition, management expect that an extension or restructuring of the Group's loan arrangements will be agreed prior to May 2021.

Therefore, the directors of the Company have concluded that it is appropriate to prepare these financial statements on a going concern basis.

Fixed assets

Oil and gas assets

The Company applies the successful efforts method of accounting intangible fixed asset costs.

Intangible fixed assets

Under the successful efforts method of accounting, all licence acquisition, exploration and appraisal costs are initially capitalised in well, field or specific exploration cost centres as appropriate, pending determination. Expenditure incurred during the various exploration and appraisal phases is then written off unless commercial reserves have been established or the determination process has not been completed.

Pre-licence costs

Costs incurred prior to having obtained the legal rights to explore an area are expensed as they are incurred.

Exploration and evaluation (E&E) costs

Costs of E&E are initially capitalised as intangible fixed assets. Payments to acquire the legal right to explore, costs of technical services and studies, seismic acquisition, exploratory drilling and testing are capitalised as intangible fixed assets.

Tangible assets used in E&E activities (such as the Company's vehicles, drilling rigs, seismic equipment and other property plant and equipment used by the Company's exploration function) are classified as tangible fixed assets. However, to the extent that such a tangible asset is consumed in developing an intangible E&E asset, the amount reflecting that consumption is recorded as part of the cost of the intangible asset. Such intangible costs include directly attributable overheads, including the depreciation of tangible fixed assets utilised in E&E activities, together with the cost of other materials consumed during the E&E phases. E&E costs are not amortised prior to the conclusion of appraisal activities.

Premier Oil Andaman Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period ended 31 December 2019

1. ACCOUNTING POLICIES (continued)

Intangible fixed assets (continued)

Treatment of E&E assets at conclusion of appraisal activities

Intangible E&E assets related to each exploration licence/prospect are carried forward, until the existence (or otherwise) of commercial reserves has been determined subject to certain limitations including review for indications of impairment. If commercial reserves have been discovered, the carrying value, after any impairment loss, of the relevant intangible fixed assets is then reclassified as development and production assets, once a field development plan has been approved or a gas sales agreement has been signed. If, however, commercial reserves have not been found, the capitalised costs are charged to expense after conclusion of appraisal activities.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and provision for impairment. Depreciation is calculated on the cost of tangible fixed assets and is charged on a straight-line basis so as to depreciate each asset over its expected working life. The tangible fixed assets of the Company relate to office fixtures, fittings and software. These assets are depreciated over their estimated useful lives of three years.

Foreign currencies

The local currency of the Company is USD. All transactions denominated in foreign currencies, being currencies other than the local currency, are recorded in the local currency at actual exchange rates as of the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the year-end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rate, subsequent to the dates of the transactions, is included as an exchange gain or loss in the profit and loss account.

Cash

Cash comprises cash in hand and demand deposits

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2. PROFIT AND LOSS ACCOUNT

No profit and loss account is presented with these financial statements because the Company has not received income, incurred expenditure or recognised any gains or losses during either the year under review or the preceding financial year. There have been no movements in shareholders' funds during the year under review.

3. STAFF COSTS AND DIRECTORS' REMUNERATION

The Company employed no staff during the year (2018: none).

The directors received no remuneration for their services to the Company during the year as any salaries are paid by the ultimate parent company or other group companies (2018: US\$nil).

Premier Oil Andaman Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period ended 31 December 2019

4. TAXATION

There was no current or deferred tax charge in the year (2018:US\$nil).

5. INTANGIBLE FIXED ASSETS

<i>Oil and gas properties</i>	<i>2019</i> <i>US\$</i>	<i>2018</i> <i>US\$</i>
<i>Cost:</i>		
At 1 January	1,031,753	-
Additions in the year	3,797,074	1,031,753
At 31 December	<u>4,824,827</u>	<u>1,031,753</u>

The amounts for intangible exploration and evaluation (E&E) assets represent costs incurred on active exploration projects. These amounts are written off to the profit and loss account as exploration expense unless commercial reserves are established or the determination process is not completed and there are no indications of impairment. The outcome of ongoing exploration, and therefore whether the carrying value of E&E assets will ultimately be recovered, is inherently uncertain.

6. DEBTORS

	<i>2019</i> <i>US\$</i>	<i>2018</i> <i>US\$</i> <i>restated</i>
<i>Amounts falling due within one year:</i>		
Trade debtors	230,505	-
Other debtors	75,000	75,000
Amounts due from group companies	-	600,000
Prepayments	57,350	13,650
Total debtors falling due within one year	<u>362,855</u>	<u>688,650</u>

7. CREDITORS: amounts falling due within one year

	<i>2019</i> <i>US\$</i>	<i>2018</i> <i>US\$</i>
Amounts owed to group companies	4,939,799	1,746,558
Trade Creditors	57,871	16,549
Other Creditors	381	27,381
Accruals	289,862	700
Taxation	293	-
	<u>5,288,206</u>	<u>1,791,188</u>

Premier Oil Andaman Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period ended 31 December 2019

8. CALLED UP SHARE CAPITAL

	2019 US\$	2018 US\$
<i>Allotted, called up and fully-paid:</i>		
100 Ordinary Shares of US\$1 each	100	100

9. ULTIMATE CONTROLLING PARTY

The Company's immediate parent company is Premier Oil Overseas BV, registered in the Netherlands. The Company's ultimate parent company and controlling party is Premier Oil plc, a company incorporated in the United Kingdom and registered in Scotland. Premier Oil plc is the parent undertaking of the largest and the smallest group of which the Company is a member and for which group financial statements are prepared. Copies of the group financial statements are available from Premier Oil plc, 23 Lower Belgrave Street, London SW1W 0NR.

10. SUBSEQUENT EVENTS

Corporate Actions

In January 2020, the Company's ultimate parent company, Premier Oil plc (the "Group") publicly announced the agreement it had reached to undertake the following corporate actions (together the 'Corporate Actions'):

- an amend and extend ('A&E') of all the Group's refinancing facilities, including extension of maturities from May 2021 to November 2023;
- the proposed acquisition of a 25 per cent working interest in Tolmount from Dana and interests in Andrew and Shearwater (together the 'Acquisitions' or 'Acquired Assets')
- entering into a US\$300 million bridge facility to partly finance the Acquisitions (the 'Bridge Facility'). Based on current forecasts it is not expected that the Bridge Facility will be utilised; and
- raising equity from shareholders via a combination of a placing and a rights issue (the 'Equity Raise'), which is fully underwritten.

Lender consents were obtained from the required proportion of lenders for the above Corporate Actions, prior to their announcement and the Scheme process was launched, with more than 75 per cent of the Group's lenders approving the Scheme in February 2020.

In April 2020, the Court of Session in Edinburgh approved the Scheme to implement the proposed Acquisitions, and the A&E. However, a single dissenting creditor (the "Single Creditor") announced its intention to appeal the Court's judgment. This, combined with significant changes in the macro-economic environment, resulted in the Group entering into further negotiations with BP regarding the Andrew Area and Shearwater acquisitions and also conversations with its principal lenders around the proposed transactions and the 2021 maturity of its debt facilities.

Premier Oil Andaman Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period ended 31 December 2019

10. SUBSEQUENT EVENTS (continued)

In June 2020, the Group announced it had

- reached agreement with BP over amended terms for the acquisition of the Andrew Area and Shearwater assets (together the “BP Acquisitions”), with reduced upfront cash consideration now payable at completion;
- reached agreement with a subset of its principal creditors representing over 40 per cent of its debt facilities to waive the Company’s financial covenants through to 30 September 2020 and to provide continued access to its revolving credit facilities (the “Stable Platform”). The terms of the Stable Platform are agreed and are in the process of receiving formal support from the wider lender group; and,
- agreed a settlement with the Single Creditor, under which the Single Creditor will withdraw its appeal of the Court’s judgment approving the Schemes and will support the BP Acquisitions and the Stable Platform Agreement through the lender consent process. As part of this agreement, the Group has issued 82.2 million new shares to the Single Creditor at a price of 26.69 pence per share. The agreement also provides for a comprehensive settlement of all claims relating to the schemes and related matters (including costs).

Macro-economic environment

The company is exposed to macro-economic risks, including pandemic disease that could have a material adverse effect on our operations. The company continues to monitor the COVID-19 outbreak which is causing economic disruption and may impact our performance in 2020. Premier remains extremely vigilant and focused on the welfare, health and safety of all of its staff and contractors. To date, production operations have not been materially impacted by COVID-19. In addition, a disagreement within OPEC+ on or about 7 March, 2020 has triggered an oil price war that caused the largest one-day fall in the oil price since 1991.