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Petrogas E&P UK Limited

Directors' Report and Financial Statements

Year Ended

31 December 2024

Company Number 05152884

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Petrogas E&P UK Limited

Company Information

Directors	T N Chapman P N Dancer K Sen B A Smits
Registered number	05152884
Registered office	1 Bartholomew Lane London United Kingdom EC2N 2AX
Independent auditor	BDO LLP Statutory Auditor 55 Baker Street London W1U 7EU
Bankers	ING Wholesale Banking 8-10 Moorgate London EC2R 6DA
	ING Bank N.V Bijlmerdreef 106 1102 CT Amsterdam The Netherlands

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Petrogas E&P UK Limited

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Petrogas E&P UK Limited

Directors' Report
For the Year Ended 31 December 2024

The Directors present their report together with the audited financial statements for the year ended 31 December 2024.

Principal activity

The principal activity of the Company during the year continued to be operating the procurement of exploration and production oil and gas licences. The management of these operations takes place on its own behalf and on behalf of its partner oil and gas companies where applicable.

Business activities

The Company has non operated licences in the Danish sector of the North Sea.

The Company was able to progress its plans in Denmark and the UK through its subsidiary Petrogas North Sea.

Due to the increased focus on its UK activities, the Company is looking at optimizing its legal and organisational structure.

Business Environment

In 2024 the high oil and gas price environment continued after a dip early 2024, following increasing economic growth and more geopolitical uncertainty including several conflicts. The current commodity price environment has a continuous effect on the supply chain activities, for both price increases (inflation) and availability of goods and services. The increase in international trade tariffs in early April 2025 has negatively impacted oil and gas prices. However, this has no direct impact on the company's business activities for 2025 nor the wider business plan.

Considering the additional focus in Europe on climate change and Environment, Social and Governance regulations (ESG), the Company anticipates that based on the applicable government policies and required government approvals per country it will be encouraged to make use of host facilities, to allow for optimal use of already available infrastructure and pipelines.

Results and dividends

The loss for the year amounted to £3,189,539 (2023 - £1,367,621), the decrease mainly relates to an increase in interest payable and negative foreign exchange differences.

No dividend payments were recommended by the directors (2023 - £Nil).

Projects

With respect to its projects, the Company continued its activities while carefully considering the business environment, safety and health of its people and the liquidity of the Company. It also focused on safeguarding its financial position and considered in its decision making, the current business environment. Therefore, limited project activities took place during 2024, as for its Danish licences 12/06 and 4/16 a change of operator was ongoing, who will be assessing an alternative concept for the development of these fields.

Since 2nd half of 2023 a change in and exit of its (previous) operator for its Danish licences was ongoing. Further discussions took place during the year among the remaining partners with the Danish Energy Agency (DEA). It was concluded, to defer the project milestone to 2 March 2026, to allow for the transfer of operatorship to Petrogas Denmark Aps. Following the exit, the interest of the remaining partners of 12/06 and 4/16 were re-assigned in agreement with the Danish authorities and this was formally approved by the DEA as per 30 October 2024. The Company interest is equal to 20.65% to ensure the liquidity needs for its direct Danish and indirect UK operations stay balanced.

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Projects (continued)

Further the Company also progressed through its subsidiary, Petrogas North Sea limited, with its operated gas development project of the Abbey Field (Licence P2582) and with drilling an exploration well in the Baker Prospect (P2433), both the licences are located in the Southern North Sea.

The FEED studies for the subsea development of the Abbey Field are in progress. An exploration well in the nearby Baker prospect was successfully drilled in Q4 2024 with an Abbey appraisal well ongoing at year end. These were both commitment wells.

The Offshore Petroleum Regulator for Environment and Decommissioning (OPRED) announced a pause in the review and approval of environmental statements until the impact of the Finch ruling was factored into their guidance. As a result, the final investment decision (FID) for Abbey has been deferred from Q1 2025 to Q2 2026, with first production now expected in early 2028.

Progress has also been made with the development activities of its operated Birgitta Field in the Central North Sea (Birgitta East, 22/19a 8). The development concepts are being assessed with the company in discussion with the potential third party host facility owners. For the same reason as Abbey, FID has been deferred to Q2 2026 with production anticipated in late 2028.

Post balance sheet events

During Q1 2025 drilling of the Abbey appraisal well was successfully completed. The well test results were positive supporting the decision to proceed with the development of the Abbey field.

Going concern

As mentioned in the going concern section of Note 2.2 (Accounting policies), the Company has no income from its assets and is wholly dependent upon its ultimate parent company for its funding.

Directors

The Directors who served during the year were:

T N Chapman
P N Dancer
K Sen
B A Smits (appointed 1 April 2025)

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Petrogas E&P UK Limited

Directors' Report (continued)
For the Year Ended 31 December 2024

Directors' Responsibilities Statement

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

Company law requires the Directors to prepare audited 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 judgements and accounting estimates that are reasonable and prudent; and
- prepare the audited 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 audited 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.

Directors' indemnity insurance

During the reporting year the Company provided a Directors' and Officers' insurance policy to those in the office.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

DocuSigned by:
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B A Smits
Director

Date: 4/16/2025

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Petrogas E&P UK Limited

Independent Auditor's Report to The Members Of Petrogas E&P UK Limited

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Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2024 and of its loss 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.

We have audited the financial statements of Petrogas E&P UK Limited ("the Company") for the year ended 31 December 2024 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, and notes to the financial statements, 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

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Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors' Report other than the financial statements and our Auditor's Report thereon. 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.

Other Companies Act 2006 reporting

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

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; or
- 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 .

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement, 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.

Petrogas E&P UK Limited

Independent Auditor's Report to The Members Of Petrogas E&P UK Limited (continued)

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.

Extent to which the audit was capable of detecting irregularities, including fraud

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:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining an understanding of the Company policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be the applicable accounting framework, the Companies Act 2006 and UK tax legislation.

The Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be company law, tax legislation and the health and safety legislation.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Inquiries with management and that there were no instances of non-compliance noted; and
- Review of financial statement disclosures and agreeing to supporting documentation.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Obtaining an understanding of the Company's internal controls; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

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Auditor's responsibilities for the audit of the financial statements (continued)

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of control.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias on impairment assessment of intangible assets and recoverability of loan; and
- Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available 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.

DocuSigned by:
John Black
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John Black (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

Date: 17 April 2025

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

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Petrogas E&P UK Limited

Statement of Comprehensive Income
For the Year Ended 31 December 2024

	Note	2024 £	2023 £
General and administrative expenses		**(210,345)**	(248,113)
Other operating (loss)/income - net	4	**(124,218)**	151,542
Operating loss	5	**(334,563)**	(96,571)
Interest receivable and similar income	8	**5,560,739**	3,742,660
Interest payable and similar charges	9	**(8,167,385)**	(6,197,351)
Foreign exchange differences		**(248,330)**	1,183,641
Loss before tax		**(3,189,539)**	(1,367,621)
Tax on loss	10	**-**	-
Loss for the financial year		**(3,189,539)**	(1,367,621)

There was no other comprehensive income for 2024 (2023 - £Nil).

The notes on pages 11 to 21 form part of these financial statements.

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Petrogas E&P UK Limited
Registered number: 05152884

Statement of Financial Position
As at 31 December 2024

	Note	2024 £	2024 £	As restated (See Note 14) 2023 £	As restated (See Note 14) 2023 £
Fixed assets					
Intangible assets	11		**4,795,230**		4,708,696
Financial fixed assets	12		**100**		100
			4,795,330		4,708,796
Current assets					
Debtors: amounts falling due after more than one year	13	**99,816,434**		48,864,847	
Debtors: amounts falling due within one year	13	**8,489,282**		8,390,859	
Cash at bank and in hand		**47,296**		186,965	
		108,353,012		57,442,671	
Creditors: amounts falling due within one year	14	**(133,770,756)**		(79,584,342)	
Net current liabilities			**(25,417,744)**		(22,141,671)
Total assets less current liabilities			**(20,622,414)**		(17,432,875)
Net liabilities			**(20,622,414)**		(17,432,875)
Capital and reserves					
Called up share capital	15		**31,169,700**		31,169,700
Accumulated losses			**(51,792,114)**		(48,602,575)
Total deficit			**(20,622,414)**		(17,432,875)

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:
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B A Smits
Director

Date: 4/16/2025

The notes on pages 11 to 21 form part of these financial statements.

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Petrogas E&P UK Limited

Statement of Changes in Equity
For the Year Ended 31 December 2024

	Called up share capital	Accumulated losses	Total deficit
	£	£	£
At 1 January 2023	**31,169,700**	**(47,234,954)**	**(16,065,254)**
Comprehensive loss for the year			
Loss for the year	-	**(1,367,621)**	**(1,367,621)**
At 1 January 2024	**31,169,700**	**(48,602,575)**	**(17,432,875)**
Comprehensive loss for the year			
Loss for the year	-	**(3,189,539)**	**(3,189,539)**
At 31 December 2024	**31,169,700**	**(51,792,114)**	**(20,622,414)**

The notes on pages 11 to 21 form part of these financial statements.

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Petrogas E&P UK Limited

Notes to the Financial Statements
For the Year Ended 31 December 2024

1. General information

Petrogas E&P UK Limited is a private Company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the Company Information page and the nature of the Company's operations and its principal activity are set out in the Directors' Report on page 1.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with Section 1A of FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The Company's exploration and development activities are generally conducted in joint arrangements with other companies. These joint arrangements are wholly risk sharing in nature and therefore will fall within the FRS 102 Section 15. The financial statements therefore reflect the proportion of capital expenditure and operating costs applicable to the Company relative to the Company's interests.

The Company, and the Group headed by it, qualify as small as set out in section 383 of the Companies Act 2006 and the Parent and Group are considered eligible for the exception to prepare consolidated accounts.

The Company has taken advantage of the exemption from preparing a Statement of Cash Flows in accordance with section 1A of FRS 102 as it is a small entity.

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

The following principal accounting policies have been applied:

2.2 Going concern

As in previous years, Petrogas E&P UK Limited (the 'Company') has no income from its assets and is wholly dependent upon Petrogas International E&P Cooperatief U.A., for funding its operations. Petrogas International E&P Cooperatief U.A., is a reputable enterprise having assets through its subsidiaries in the Netherlands and is financially supported by its parent Petrogas E&P LLC.

Based on early stage projects the Company is involved in, the Company is financed in full by its parent company. The balance sheet as at 31 December 2024 has total assets of £113.1m (2023 - £62.2m) and net deficit of £20.6m (2023 - £17.4m). The majority of the net liability position at year end relates to the intercompany funding received during the year from the parent. Petrogas E&P LLC has undertaken to provide financial support until 30 June 2026.

The Company does not have operating lease commitments and no permanent employees on its payroll, and cost will be incurred if there are any works carried out for the licenses held by the company, so the Company has now fixed costs which provide flexibility of the cash flows.

For these reasons the Directors have continued to prepare the annual financial statements on a going concern basis.

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2. Accounting policies (continued)

2.3 Intangible assets

Expenditures for exploration and evaluation of oil and gas properties are reported according to the Full Cost Method. All costs attributable to exploration. drilling and evaluation of such interests are capitalised in full. The expenditures are accumulated separately for each licence right and the capitalisation of exploration and evaluation assets, or alternatively oil and gas properties depend on the development phase that has been reached.

Expenditure incurred prior to the acquisition of a licence is written off to the Statement of Comprehensive Income as it is incurred, as is expenditure on licences that are subsequently relinquished.

2.4 Impairment of intangible assets

Assets that are not subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the asset's (of CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGU's). Non financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.5 Financial Assets

Receivables from group companies

Receivables recognised under financial fixed assets are initially valued at the fair value less transaction cost (if material). These receivables are subsequently valued at amortised cost, which is, in general, equal to the face value, net of any provisions considered necessary.

2.6 Investments in subsidiaries

Investments in subsidiaries are measured at cost less accumulated impairment.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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2. Accounting policies (continued)

2.9 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans to related parties and investments in non puttable ordinary shares.

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.12 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

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2. Accounting policies (continued)

2.13 Current and deferred taxation

The tax expense represents the sum of current tax and deferred tax.

The charge for current tax is based on the results for the year adjusted for items which are non assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Current and deferred tax is recognised in the same component of the Statement of Comprehensive Income, other comprehensive income or equity as the transaction or event that resulted in the tax expense or income.

Deferred tax is the tax expected to be payable or recoverable on timing differences between taxable profits and the total comprehensive income as reported in the financial statements.

Deferred tax liabilities are recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits will be available against which timing differences can be utilised. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither taxable profit nor the total comprehensive income.

The carrying amounts of deferred tax assets are reviewed at each reporting 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 assets to be recovered.

A change in deferred tax assets and liabilities as a result of a change in the tax rates or laws is recognised in comprehensive income, or other comprehensive income to the extent that it relates to items previously recognised in other comprehensive income.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The main estimates and assumptions are shown below:

Impairment testing of receivables

The funds provided to its subsidiaries were impaired to its recoverable amount based on the value of the supporting exploration and evaluation assets owned and investments undertaken by its subsidiaries taking into account the support from group for these subsidiaries.

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3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Impairment indicator assessment of exploration and evaluation assets

Expenditure is capitalised as an intangible asset by reference to the licences that it relates to and is assessed for impairment when there are indications of impairment for a licence. This assessment involves judgement as to whether there are any circumstances which are considered to be an indicator of impairment. The current licences have not expired and remain in good standing. The Company has plans to continue to develop its licence areas and based on the developments during the year, there are no indications that the carrying amounts will not be recovered in full. Therefore, the Directors have concluded that there are no impairment indicators at the year end.

4. Other operating income/(charges) - net

	2024 £	2023 £
Operational foreign exchange differences	**(124,218)**	151,542

5. Operating loss

The operating loss is stated after charging/(crediting):

	2024 £	2023 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**16,213**	19,913
Accounts preparation and payroll services	**1,113**	1,750
Tax compliance services	**8,000**	12,987
Operational foreign exchange differences	**124,218**	(151,542)

6. Employees

The average monthly number of employees, including Directors, during the year was 3 (2023 - 4).

7. Directors' remuneration

The Directors' remuneration was borne by the Parent Company. The Directors do not consider there to be any members of key management other than the Directors themselves.

8. Interest receivable and similar income

	2024 £	2023 £
Interest receivable from group companies	**5,560,739**	3,742,660

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9. Interest payable and similar charges

	2024 £	2023 £
Interest payable on Parent Company loan	**8,167,385**	6,197,351

10. Taxation

	2024 £	2023 £
Total current tax	-	-

Factors affecting tax charge for the year

The tax assessed for the year is £Nil (2023 - £Nil) . The standard rate of corporation tax in the UK of 25% (2023 - 23.5%). The differences are explained below:

	2024 £	2023 £
Loss on ordinary activities before tax	**(3,189,539)**	(1,367,621)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2023 - 23.5%)	**(797,385)**	(321,391)
Effects of:		
Unclaimed capital allowances	**(21,634)**	(46,866)
Unrelieved tax losses carried forward	**819,019**	368,257
Total tax charge for the year	**-**	-

Factors that may affect future tax charges

The Finance Act 2021 was substantively enacted in May 2021 and has increased the corporation tax rate from 19% to 25% with effect from 1 April 2023.

At 31 December 2024 the Company has tax losses amounting to £98m (2023 - £95m) available to offset against future trading profits. A deferred tax asset has not been recognised in respect of these losses as the conditions for recognition have not been realised.

The tax regime which applies to exploration for, and production of, oil and gas in the UK and on the UK Continental Shelf (UKCS) currently comprises of a ring fence corporation tax of 30% and Supplementary charge in respect of ring-fence trades of 10%. The main consequence of the ring-fence is that non-ring-fence losses may not be offset against the profits from a ring-fence trade. However, losses from a ring-fence trade can be offset against non-ringfence profits.

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10. Taxation (continued)

Factors that may affect future tax charges (continued)

In May 2022, the UK government introduced a 25% Energy Profits Levy (EPL) to profits from operations in the UK North Sea. The Energy Profit Levy applies to accounting periods beginning on or after 26 May 2022. During 2023 the rate was increased to 35% from January 2023 until 2028 in addition to existing taxes, which can bring the effective tax rate for the oil and gas sector to 75%.

During 2024, another change to the introduced Energy Profit Levy (EPL) took place, which will bring the total effective tax rate from 75% to 78% as per November 2024 and extends the duration until 2030. Also the investment allowance under the EPL scheme has been removed, unless classified as decarbonization investment. The EPL will no longer apply, when the high oil and gas price environment no longer applies with sustainable "normal" oil and gas prices, with falling back to the original 40% effective tax rate.

11. Intangible assets

	Exploration and appraisal costs £
Cost	
At 1 January 2024	**30,186,334**
Additions	**86,534**
At 31 December 2024	**30,272,868**
Amortisation and impairment	
At 1 January 2024	**25,477,638**
At 31 December 2024	**25,477,638**
Net book value	
At 31 December 2024	**4,795,230**
At 31 December 2023	4,708,696

The additions were related to the 2024 expenditures on the non-operated Danish activities on licence 12/06 and 4/16.

The Directors carried out an impairment (trigger) assessment for carrying amounts of the intangible assets of the respective licences as at 31 December 2024. The Directors have assessed that these intangible assets were not impaired based on the business plans for 2025 onwards.

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12. Financial fixed assets

	Investments in subsidiary companies £
Cost and net book value	
At 1 January 2024 and at 31 December 2024	**100**

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Petrogas North Sea Limited	England and Wales	Procurement and management of exploration and production oil and gas licences	Ordinary	100%

The aggregate of the share capital and reserves as at 31 December 2024 and the loss for the year ended on that date for the subsidiary undertaking were as follows:

Name	Aggregate of share capital and reserves £	Loss for the year £
Petrogas North Sea Limited	**(24,889,568)**	**(6,902,229)**

The registered office address of the above subsidiary is the same as Petrogas E&P UK Limited at 1 Bartholomew Lane, London, EC2N 2AX.

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13. Debtors

	2024 £	2023 £
Due after more than one year		
Amounts owed by group undertakings	**99,816,434**	48,864,847

The amounts owed by group undertakings, due after more than one year, represent an unsecured loan denominated in USD, which bears interest at 8.66%. It is agreed that the repayment will take place by or later than 31 December 2026. Interest is charged in the Statement of Comprehensive Income for the relevant period (note 8).

	2024 £	2023 £
Due within one year		
Amounts owed by group undertakings	**8,479,108**	8,388,102
Amounts owed by joint ventures and associated undertakings	**7,116**	-
Other debtors	**3,058**	2,757
	8,489,282	8,390,859

The amount owed by group undertakings is net of a provision of £11,978,331 (2023 - £11,978,331).

The amounts owed by group undertakings are due on demand and no interest is charged on these balances.

These amounts are denominated in different currencies and are translated in reporting currency at year end.

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14. Creditors: amounts falling due within one year

	2024 £	As restated 2023 £
Trade creditors	**78**	2,358
Amounts owed to group undertakings - interest bearing*	**127,821,466**	74,880,439
Amounts owed to group undertakings - non interest bearing**	**755,854**	662,651
Accruals and deferred income	**5,193,358**	4,038,894
	133,770,756	79,584,342

* The amounts owed to group undertakings includes an unsecured loan denominated in USD, from Petrogas International E&P Coöperatief U.A., which bears interest at 8.66%. Interest was charged on the Statement of Comprehensive Income for the relevant period (Note 9).

In the current year, the classification of the amounts owed to group undertakings was amended to 'due within one year' to reflect the contractual terms of the loan agreement being repayable on demand. The comparative has also been restated to reflect the contractual terms of the loan agreement. Although the loan is repayable on demand, note 2.2 explains the Company has the financial support of the parent company until 30 June 2026 and so it does not expect the loans to be recalled until at least after that date.

** The remaining amounts owed to group undertakings are due on demand and no interest is charged on these balances.

15. Share capital

	2024 £	2023 £
Allotted, called up and fully paid		
31,169,700 ordinary shares of £1 each	**31,169,700**	31,169,700

16. Related party transactions

The Company has taken the FRS 102 Section 1A disclosure exemption of related party transactions with other group companies as the Company is a wholly-owned subsidiary of Petrogas E&P LLC.

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17. Controlling party

At 31 December 2024, the Company's immediate parent Company was Petrogas UK Holding BV and was a member of the Petrogas E&P LLC Group, with as ultimate controlling party MB Holding Company (Muscat/Oman). A copy of the Petrogas E&P LLC Group financials may be obtained from Petrogas E&P LLC at Way number 6862, Building number 1742-18 Nov Street, Azaiba, P.O. Box: 353, PC112 Ruwi, on request through their website, www.petrogasep.com.

18. Post Balance Sheet events

During Q1 2025, drilling of the Abbey appraisal well was successfully completed. The well test results were positive, supporting the decision to proceed with the development of the Abbey field.