Petrogas Denmark ApS

c/o Harbour House, Sundkrogsgade 21, DK-2100 Copenhagen

Annual Report for 2022

CVR No. 31 08 00 37

The Annual Report was presented and adopted at the Annual General Meeting of the company on 20/4 2023

Nick Dancer Chairman of the General Meeting

Contents

	Page
Management's Statement and Auditor's Report	
Management's statement	1
Independent Auditor's report	2
Management's Review	
Company information	4
Management's review	5
Financial Statements	
Income statement 1 January - 31 December	7
Balance sheet 31 December	8
Statement of changes in equity	10
Notes to the Financial Statements	11

pwc

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Financial Statements of Petrogas Denmark ApS for the financial year 1 January - 31 December 2022.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and of the results of the Company operations for 2022.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Financial Statements be adopted at the Annual General Meeting.

Copenhagen, 20 April 2023

Executive Board

Nick Dancer
Manager

Board of Directors

Usama Al Barwani Chairman	Kingsuk Sen	Nick Dancer

Independent Auditor's report

To the shareholder of Petrogas Denmark ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company´s operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Petrogas Denmark ApS for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines 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, Management is 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 in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's report

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 and the additional requirements applicable in Denmark 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.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company´s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company´s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 20 April 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Søren Alexander
Søren Alexander
State Authorised Public Accountant
mne42824

Frederik T. Jantzen
Frederik Tvedeskov Jantzen
State Authorised Public Accountant
mne47815

Company information

The Company	Petrogas Denmark ApS c/o Harbour House Sundkrogsgade 21 DK-2100 Copenhagen CVR No: 31 08 00 37 Financial period: 1 January - 31 December Incorporated: 28 November 2007 Financial year: 16th financial year Municipality of reg. office: Copenhagen
Board of Directors	Usama Al Barwani, chairman Kingsuk Sen Nick Dancer
Executive board	Nick Dancer
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup

Management's review

Key activities

Petrogas Denmark ApS ("The Company") is a wholly owned subsidiary of Petrogas International E&P Coöperatief U.A. ("Petrogas"). Its primary activity is the exploration and exploitation of oil & gas resources in the Danish sector of the North Sea.

The company participates in License 12/06 with an interest of 5.44%, which includes the two hydrocarbon discoveries; Broder Tuck and Lille John.

Development in the year

The income statement of the Company for 2022 shows a loss of DKK 1,882,304 and at 31 December 2022 the balance sheet of the Company shows an equity of DKK 4,987,908.

In January 2016, Dana submitted a declaration of commerciality to the Danish Energy Authority (DEA). On the 20th May 2016, the DEA awarded a 30-year extension to the Danish Licence 12/06 for the purpose of production, with a number of milestone dates. An extension to the milestone date for submission and completion of the Field Development Plan (FDP) was agreed by the operator, Dana, and its partners, with the authorities. This extension allowed to continue the evaluation activities and ensured parties would be able to come to the field investment decision taking account of the challenges with the field development. On 31 January 2023, in line with the extended deadline during 2022, the operator submitted an application for a deferment of the FDP submission deadline along with its updated project plan. The deferment has been accepted until 1 May 2023 by the DEA, with currently the operator being engaged with the DEA on the submitted updated project plan to agree on the formal FDP submission deadline to reflect the current project status.

In 2019 a successful 3D seismic campaign was executed and it was decided not to drill an appraisal well in Lille John in 2020. During the COVID-19 crisis in 2020/2021, the operator and its partners decided to ultimately cancel the Broder Tuck well and developed plans with a focus on establishing the appropriate export route and third party host of the hydrocarbons coming from LJ and BT, which all took place in close consultation with the authorities. The partnership would like to establish this route before investing in significant appraisal expenditures and optimize the development plan and expenditures upon the selection of the export route and host. In 2022, the partnership progressed with obtaining further insight on the third party host option, including engineering studies. In 2023, further decisions can be made based on the updated project plan and third party host option studies on the appraisal and subsequent development program. The next relevant milestone, to be agreed with DEA, is the date that the FDP for Broder Tuck licence will be submitted to DEA, which must include the date of any appraisal drilling.

Meanwhile management is continuing to monitor closely the health, safety and liquidity risks to incorporate these into the business plans and work programs for 2023 and 2024 with the support of the Petrogas Group. In this respect the Company and partnership will also work with its contractors to include more flexibility with respect to its commitments and work program, where possible.

Capital resources

Historically, the Company has been wholly dependent upon its parent Petrogas for support to meet its expenses and license obligations. To fulfill the conditions of being a licensee in the Danish offshore sector, the Company's current parent satisfactorily executed a parent company guarantee with the DEA.

In assessing the capital requirements of the company, the Company secured a commitment of its parent to support the planned activities and expenditures that would be charged by the operator for 2023.

The 2022 expenditures, including the costs for minor own administrative expenses and other expenditure, were paid by the Company with additional funds from the parent. The 2023 expenditures are anticipated to be paid by the Company with the assistance of its parent where required and not covered by the current cash balance.

Considering these facts, the directors have prepared these accounts on a going concern basis.

Management's review

Special risks - operating risks and financial risks

Business-related risks
Developing licenses with the objective of producing gas and oil is subject to considerable uncertainties. Main uncertainties include finding economically robust technical solutions, the field's capacity associated to reservoir and geological conditions, and the development of oil and gas prices and foreign exchange rates.

Income statement 1 January - 31 December

	Note	2022	2021
		DKK	DKK
Gross profit/(loss)		**0**	**0**
Administrative expenses		-958,629	-628,512
Profit/(loss) before financial income and expenses		**-958,629**	**-628,512**
Financial income	3	2,066	211,038
Financial expenses	4	-925,741	-1,042,962
Profit/(loss) before tax		**-1,882,304**	**-1,460,436**
Tax on profit/(loss) for the year		0	0
Net profit/(loss) for the year		**-1,882,304**	**-1,460,436**

Distribution of profit

	2022	2021
	DKK	DKK
Proposed distribution of profit		
Retained earnings	-1,882,304	-1,460,436
	-1,882,304	**-1,460,436**

Balance sheet 31 December

Assets

	Note	2022	2021
		DKK	DKK
Oil & gas assets		14,865,123	14,507,374
Intangible assets	5	**14,865,123**	**14,507,374**
Fixed assets		**14,865,123**	**14,507,374**
Cash at bank and in hand		**187,948**	**81,119**
Current assets		**187,948**	**81,119**
Assets		**15,053,071**	**14,588,493**

Balance sheet 31 December

Liabilities and equity

	Note	2022	2021
		DKK	DKK
Share capital		500,000	500,000
Retained earnings		4,487,908	6,370,212
Equity		**4,987,908**	**6,870,212**
Payables to group enterprises		8,256,354	6,399,651
Long-term debt	6	**8,256,354**	**6,399,651**
Trade payables		92,253	41,057
Payables to group enterprises		1,243,259	933,951
Other payables		473,297	343,622
Short-term debt		**1,808,809**	**1,318,630**
Debt		**10,065,163**	**7,718,281**
Liabilities and equity		**15,053,071**	**14,588,493**

Going concern	1
Uncertainty relating to recognition and measurement	2
Contingent assets, liabilities and other financial obligations	7
Related parties	8
Accounting Policies	9

Statement of changes in equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	500,000	6,370,212	6,870,212
Net profit/loss for the year	0	-1,882,304	-1,882,304
Equity at 31 December	**500,000**	**4,487,908**	**4,987,908**

Notes to the Financial Statements

1. Going concern

The equity of Petrogas Denmark ApS amounts to DKK 4,987,908 as at 31 December 2022. The company has a working capital deficiency at the balance sheet date of DKK -1,620,861, predominantly relating to the liabilities for services from other Petrogas companies on account and some upcoming operator cash calls as part of the business plan supported by the parent company. The going concern of the company depends to a significant extent on the support of the Petrogas group.

As a result of the stage the 12/06 project is in historically, the Company is financed in full by the parent company. The parent company has undertaken to provide financial support until 30 June 2024. Furthermore, Petrogas E&P LLC, Oman has issued a parent company guarantee to the DEA.

Based on the anticipated near-term expenditures and commitments to be borne by the Company, and the undertaking of support provided by the parent company, the financial statements have been prepared on a going concern basis.

2. Uncertainty relating to recognition and measurement

The significant asset within The Company is the 5.44% working interest in licence 12/06. The terms of the 12/06 licence allow for an extension of 30 years (from 22nd May 2016) for the purpose of development and production. In 2018 the Field Development Plan (FDP) submission deadline was extended. The deferral of the FDP submission deadline was conditional on certain licence activities being met (milestones).

Due to the COVID-19 pandemic, it was not possible to drill the Broder Tuck appraisal well in line with the initial time frame. Following updates provided on the activities, including revised plans on drilling, agreements were made with the Danish Energy Agency (DEA) on an amended timeline, allowing the operator and partnership to meet the milestones and complete project evaluations and update the project plan, which have now been submitted to the DEA.

It is the current expectation of the company that the operator and partnership will agree based on the submission of the updated project plan to agree on a path forward towards a to be decided FDP submission deadline with the Danish Energy Authority to continue the project, based on its past experience in the Danish sector of the North Sea.

	2022	2021
	DKK	DKK

3. Financial income

Exchange gains	2,066	211,038
	2,066	211,038

Notes to the Financial Statements

	2022	2021
	DKK	DKK

4. Financial expenses

	2022	2021
Interest paid to group enterprises	453,966	566,821
Exchange loss	471,775	476,141
	925,741	**1,042,962**

5. Intangible fixed assets

	Oil & gas assets
	DKK
Cost at 1 January	23,357,714
Additions for the year	357,749
Cost at 31 December	23,715,463
Impairment losses and amortisation at 1 January	8,850,340
Impairment losses and amortisation at 31 December	8,850,340
Carrying amount at 31 December	**14,865,123**

The Company's intangible asset relate to exploration of oil and gas in the Danish North Sea.

Notes to the Financial Statements

6. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2022	2021
	DKK	DKK
Payables to group enterprises		
After 5 years	0	0
Between 1 and 5 years	8,256,354	6,399,651
Long-term part	8,256,354	6,399,651
Within 1 year	0	0
Other short-term debt to group enterprises	1,243,259	933,951
Short-term part	1,243,259	933,951
	9,499,613	**7,333,602**

7. Contingent assets, liabilities and other financial obligations

Contingent assets

The Company has a tax loss carry-forward, which has not been recognised.

Other contingent liabilities

The Company is jointly and severally liable for tax on the jointly taxed income with the Danish branch of Petrogas E&P UK Ltd. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, royalty tax and tax on unearned income. Any subsequent adjustments to corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

8. Related parties and disclosure of consolidated financial statements

Consolidated Financial Statements

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Name	Place of registered office
Petrogas International E&P Coöperatief U.A.	Laan van Zuid Hoorn 14 2289 DE Rijswijk The Netherlands

Consolidated Financial Statements

The company forms part of the consolidated accounts in the 2022 Annual Report of the Parent Company Petrogas E&P LLC of Muscat, Oman.

The Group Annual Report of Petrogas E&P LLC of which Petrogas Denmark ApS for 2022 forms part may be obtained at the following address:

Petrogas E&P LLC
PO Box 353
112 Ruwi
Sultanate of Oman

Notes to the Financial Statements

9. Accounting policies

The Annual Report of Petrogas Denmark ApS for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2022 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income statement

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Notes to the Financial Statements

Balance sheet

Intangible fixed assets

The Company follows the full-cost method of accounting for oil and gas assets under wich all exploration expenditure is capitalised in a depreciable cost pool. Currently, the Company has a single pool for its Danish assets.

Oil and gas assets are measured at cost less accumulated amortisation. Where the cost less amortisation exceeds the net realisable value, write-down is made to this lower value.

Impairment of fixed assets

The carrying amounts of intangible assets are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Deferred tax assets and liabilities

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. 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.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.