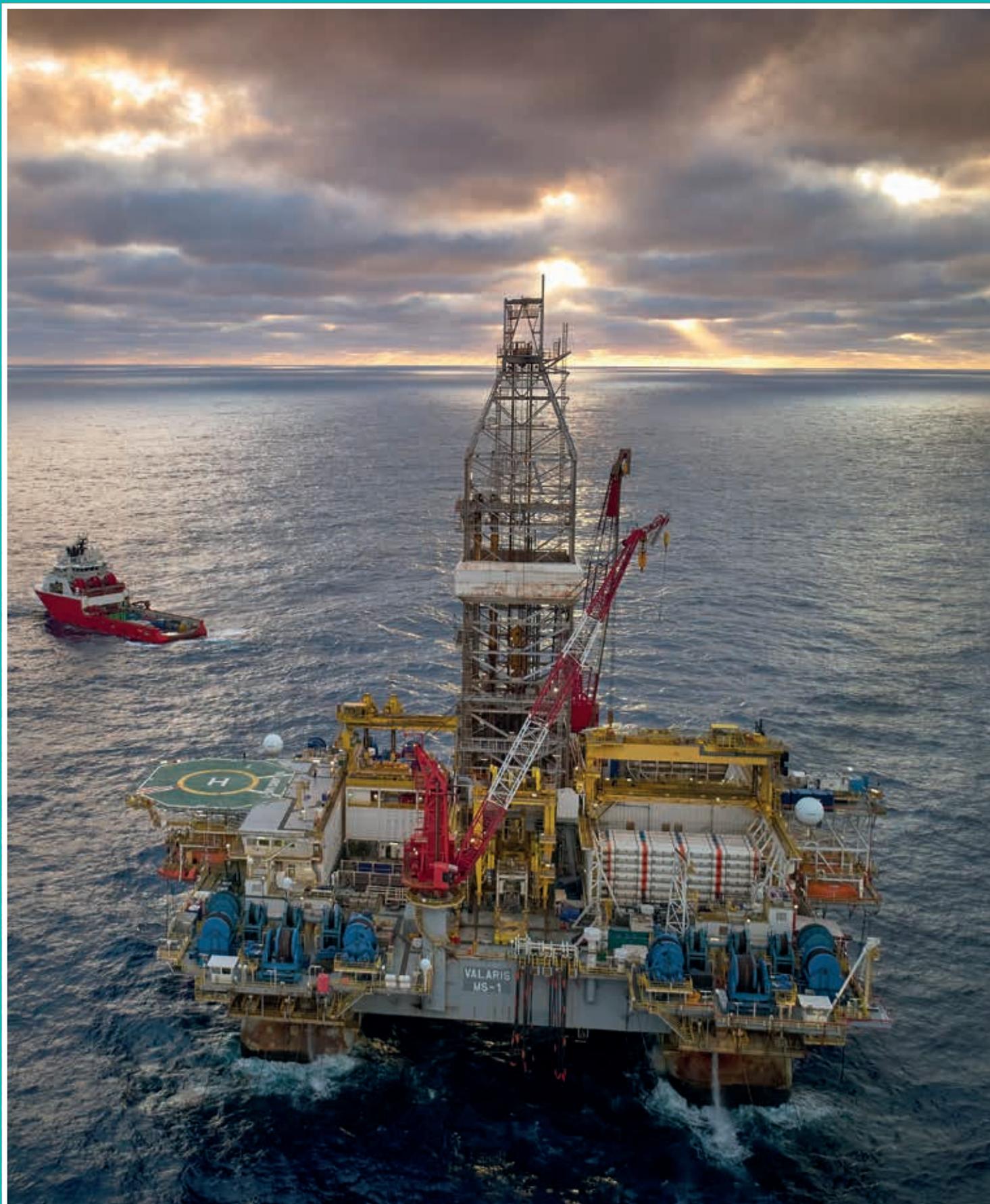


# **PETREL RESOURCES PLC**

## **Consolidated Financial Statements**

**For the year ended 31 December 2023**





# Petrel Resources Plc

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# Petrel Resources Plc

## Chairman's Statement

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Petrel is a hydrocarbon explorer with interests in Iraq and Ghana.

### Highlights

#### Market overview

- 2024 shows record demand for oil and LNG, with high oil prices reflecting emerging supply constraints due to under-investment since 2014. In normal markets this would drive exploration of new, as well as existing acreage.
- Recent years should have seen the opening of new petroleum basins, as well as additional acreage in existing basins, and many discoveries which are now economic to develop.
- Available fiscal terms, however, still reflect the boom conditions between 2003 and 2014 rather than current market conditions. States have been slow to engineer contractual terms so as to align the interest, and thus maximise value for all parties. In much of the MENA region, fiscal terms restrict financing ability, especially for juniors.
- Geopolitical tensions, from Guyana to the Middle East, are positive for oil prices but negative for early-stage exploration and developments.
- Oil explorers are not yet attracting strong investor interest in western markets. Producers buy shares back and issue dividends rather than invest the \$610bn necessary to supply future demand. There is still little farm-in interest, especially in new basins, but the attempted 2024 BHP bid for Anglo American may finally signal a shift in industry sentiment.

#### Assets overview

- In Ghana, ratification discussions on Tano 2A block continue with the Ghanaian authorities – though acreage adjustments are likely, and governance remains an issue.
- In Iraq, an updated Merjan oil field development proposal has been prepared to reflect evolving Ministry guidelines.
- Iraqi oil output was adjusted to 4.2 million barrels daily in Spring 2024, with exports of 3.4 mmbod in line with OPEC+ agreements.
- Petrel is considering participating in upcoming licencing rounds, subject to qualification and contractual terms necessary for financing partners. Generally, such bid rounds are expensive and risky compared to direct negotiations – especially for juniors.

#### Outlook

- The board is considering expansion opportunities for oil & gas in the MENA region, including reviewing oil & gas assets with prospectivity for other gas resources such as helium which the Board believes would offer some beneficial diversification given current market conditions outlined above. We offer a long-established record and potentially high liquidity and capital appreciation for the right story. As investors re-focus on 'hard industries' and cash flow, this is a time of opportunity.

Financial Markets are jittery but also cynical. Oil & LNG (as well as coal) demand reached record highs in 2023/24. And prices are trending upwards.

This should be excellent news for explorers. But exploration budgets have been slashed in oil & gas since 2014, and earlier for minerals – even critical minerals necessary for the 'Green transition'. Have normal market dynamics broken down or are we just passing through a cyclical correction – albeit a long one?

Despite the human tragedies in Gaza and elsewhere the destruction has had little impact on oil output or flows so far. Major sea-routes need not pass close by – though Red Sea trade is disrupted by re-routing around the Cape and increased insurance and freight rates. Gaza has no production, while Israeli output is modest. But that could change if Iranian production and export infrastructure were damaged, especially if Iran retaliated against producers with western links.

Escalation is in nobody's interests, but international leadership seems more dysfunctional than any time since 1914. The gradually escalating Middle Eastern crises are thus worrying for energy markets. The USA is not exercising a moderating influence, due to distractions in Ukraine and Taiwan, biased domestic lobbying and, especially, because the US is now largely self-sufficient in oil, gas, and coal – though not in many critical resource minerals.

# Petrel Resources Plc

## Chairman's Statement

(continued)

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Due to the success of US fracking, especially from 2003 – 2014, the USA is now less import-dependent. Together with the C-19 lock-downs, and slowing Asian growth, this has allowed OPEC+ to build up some spare capacity, up to 6mmbod. However, demand growth remains strong at 1.5mmbod yearly, and exploration budgets have been slashed since 2014. For likely future demand, the sector is expected to need \$610bn of investment yearly (depending on rig-rates, etc.), but manage only \$360bn – and this is mainly in existing fields and provinces, mostly in the Americas. There has been little frontier exploration since 2015. Most of the developing world is starved of investment.

This is part of a general investors' "strike" which has also impacted minerals, such as copper and nickel – which are critical to the 'new economy' – which is why the USA and now EU have passed acts to boost investment in such minerals. Unfortunately, developers must go where the deposits are – many key resources are in challenging locations, such as in Africa and South America.

Resource nationalists do not understand finance, and politicians frequently worsen difficulties by posturing, or demanding up-front cash, rather than aligning interests. Former bid rounds, involving up-front fees, qualification criteria better suited to majors, and limited upside, are not the best way to expedite projects, keep cost control and optimise reservoir recovery. That is why Petrel prefers direct negotiations, where possible, after which we can bring partners via farm-ins.

In the meantime, there is market interest in Petrel's strong shareholder following and liquidity – especially at times of intense news-flow. Accordingly, and noting my commentary above, your board is considering a number of expansion opportunities in the MENA region.

### Financing

The directors and their supporters have funded working capital needs during C-19, and the investors' strike and are prepared to participate in any necessary, future fundings.



David Horgan  
Chairman

21 June 2024

# Petrel Resources Plc

## Review of Operations

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### **Petrel Resources plc Interests (as of May/June 2024):**

#### Ghana

Tano 2A Petroleum Agreement: 30% Petrel Working Interest. Awaiting ratification, then exploration periods of 3 years initial term + 2 extension periods of 3.5 years.

#### Iraq

Western Desert Block 6.

Prior Technical Cooperation Agreement (TCA studies, with 50% Itochu interest) on the Merjan oil-field.

### **Current Projects**

#### Oil & gas exploration

Gas prices drifted with slower economic growth – especially in Europe and Asia, and new LNG capacity, together with a resurgence in coal burning for power generation. Oil prices have steadily risen due to geopolitical tensions, and under-investment; nonetheless, investor interest in oil & gas exploration remains subdued. For juniors to boom we really need a positive stockmarket, and ideally a strong farm-out market.

Nonetheless, Petrel Resources plc is negotiating with the Ghanaian authorities to complete the ratification of the signed Petroleum Agreement on offshore Tano 2A Block, in a manner consistent with corporate governance.

Petrel continues to monitor Ghanaian developments to update the acreage to be explored and resuscitate the ratification of its signed Petroleum Agreement on Tano 2A Block. Slowness in ratification of signed contracts had constrained the development of Ghana's oil and gas industry. The Ghanaian government has declared its determination to recover momentum and will be helped by recovery in the farm-in market as the global supply/demand balance tightens. Ghanaian fiscal terms remain competitive, while West African infrastructure steadily improves.

We remain in contact on other prospective African countries. So far, the main hurdle has been the requested fiscal terms – which reflect the hot market of 2003 through 2014, rather than current investor hostility to petroleum and the retrenchment of some western majors who would otherwise be our go-to partners for such frontier exploration.

The petroleum industry is cyclical, and the extreme under-investment in the sector since 2010 is now creating shortages as demand recovers, especially in Asia. Demand for oil, gas and even coal are now at or near historic records, while investment is mostly limited to developments of existing Blocks in mature basins. That will change.

Financial markets and farm-out interest in petroleum had been depressed since the oil price war starting in 2014 and continuing periodically until 2022. This had constrained our options for early seismic or wells in Ghana and elsewhere, however recent price volatility shows that major new investments are required to service global demand. Petrel plans to participate in the coming boom.

#### Ghana - Tano 2A Block, Tano Basin

Petrel is pressing the Ghanaian authorities to complete the ratification of the signed Petroleum Agreement on offshore Tano 2A. Progress on this project had been slowed by the virtual disappearance of the farm-out market after 2014. It made little sense to commit to a substantial work programme, without a reasonable prospect of de-risking through partnering with companies with deeper pockets.

Nonetheless, Petrel, and its partners, have already invested c.US\$3 million in the project, and are ready to advance the Ghana Tano 2A work programme, subject to securing the necessary funding in an environment complicated by prevailing circumstances, as soon as the signed Petroleum Agreement is ratified.

Despite volatile oil prices, the carefully calibrated Ghanaian fiscal terms help make the Tano Basin oil play feasible, given the demonstrated source rock and Cretaceous sands which remain an industry favourite. Indeed, the industry's exploration contraction may assist Petrel's focused strategy on the bigger potential stratigraphic traps.

Ghana has achieved much since 2007, ramping oil production up to 215 kbpd by 2020. Jubilee started producing in 2010, just three years after discovery. Unfortunately, a slow ratification process, exacerbated by conflicting policies, has stymied efficient development.

# Petrel Resources Plc

## Review of Operations

(continued)

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During productive discussions on the early resolution of all outstanding issues, Petrel's 30% owned project company, Pan Andean Resources (Ghana) Ltd. requested to finalize and implement the negotiated Petroleum Agreement on Tano 2A Block, with adjusted coordinates, in accordance with Section 10(9) of the Petroleum Exploration & Production Act 919, 2016.

The JV group (which consists of Clontarf Energy plc 60%, Petrel Resources plc 30%, and local partner Abbey Oil & Gas 10%) negotiated an MoU with Ghana National Petroleum Corporation ("GNPC") in 2008 and signed (subject to ratification) a Petroleum Agreement in 2010.

The original 1,532km<sup>2</sup> in Tano 2A Block included 40% (less prospective onshore – since there are limited sediments from the target Cretaceous age), and 60% shallow offshore. The fillet of this original acreage was excised in 2014 and granted to Camac, now named Erin Energy Inc., an American-listed company then controlled by Nigerian interests, which later entered Chapter 11 bankruptcy. The Ghanaian authorities are regularising this acreage since the contracted company was in default – both (a) of its work programme and (b) by ceasing to be solvent.

The fiscal terms were agreed before many of the Tano discoveries (other than the original Mahogany – now renamed 'Jubilee') had become public.

The work programme was aggressive (by the standards of the time), including 2D seismic and a well commitment, but it was not bonded (other than by corporate guarantees).

Part of the Petroleum Agreement is a once-off technology grant (of US\$0.5 million) and training (of US\$0.2 million yearly) payments, together with land rentals, and standard fees.

Under previous administrations, the authorities raised periodic objections, usually concerning bonding (though this had been agreed to be unnecessary in the signed Petroleum Agreement), the market capitalisation of the original vehicle (Pan Andean Resources plc), and they have encouraged us to admit additional Ghanaian partners – though to date these have proven to be ultimately Nigerian or other companies lacking substance.

The Company has had some initial partnership discussions with potential partners but could not advance these without full ratification of title. About 60% of Ghanaian Tano wells have been successful. Fiscal terms, in spite of upward creep, and lower oil prices, are competitive.

In September 2018, Pan Andean agreed that it could proceed with that portion of the original acreage that remains available – with the balance to be added when it is relinquished by Erin Energy (now in Chapter 11 bankruptcy), in accordance with law.

After a period of slow progress, Ghana's current government sought to galvanise licensing. The administration is pro-development, and actively reviewing historic Petroleum Agreements, with stated focus on early exploration, discoveries and output. During 2018 the Ghanaian Ministry of Energy and the GNPC considered the current re-application by Pan Andean Resources over the original Tano 2A licence block acreage in the prospective Tano Basin.

There seems a mutual desire to complete the ratification process, albeit parties are not yet in agreement over coordinates. Petrel's preference is to honour, as far as possible, the terms of the existing signed Petroleum Agreement, adjusting the revised coordinates and any other fine-tuning necessary.

Pan Andean Resources Ltd. purchased available reports and seismic data from GNPC for the Tano 2A onshore and shallow offshore area. The 45 reports purchased from GNPC, mostly containing raw geological data, together with the well logs, have been studied and incorporated within a prospect report. The well data have also been integrated into a number of cross sections. New structural models were developed taking into account the known structural data, together with an analysis of play categories on the licence.

One constraint was that the historic four seismic campaigns (all 2D – there was no 3D over this acreage) over the original 1,532km<sup>2</sup> of Tano 2A Block are now regarded as old data. Access is not free, and GNPC was missing some key data. Quality control was variable, and some of the seismic data did not belong to the operators – though this is not unique to Ghana.

That is why a new seismic 1,000km 2D programme was included in the agreed work programme – which will allow us to work up drillable targets. Much seismic, including 3D, has been done since 2005, which will help when acquired. It makes little sense to acquire 3D seismic in a shallow surf zone, such as in the shallow offshore of Tano 2A.

# Petrel Resources Plc

## Review of Operations

(continued)

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However, the Tano shelf plunges quite deeply on that acreage so any major company will want 3D before they drill – though structure size tends to be big in Ghana Tano Basin, the edges of stratigraphic traps are hard to identify. Generally, the closer to existing discoveries the more prospective – both technically, and for access recent seismic and drill logs. Nevertheless, oil companies understand that Tano remains prospective despite these challenges – the wildcat hit rate was an excellent 66% for Tullow during the most active exploration phase.

Accordingly, Pan Andean Resources Ltd. prepared digital base maps for the onshore and offshore areas, incorporating seismic lines and wells, and all available topographic data. All the data are held within a multi-level Geographic Information System (“GIS”) system. In addition, satellite images covering the licence area and surrounding region have been acquired and processed. The images have been interpreted for elements of structural geology and have also been used to geo-rectify the base maps.

Ghana remains an attractive province, especially as many oil companies retreat from dying basins like the North Sea and seek higher potential in relatively unexplored regions.

The current status of Tano 2A Petroleum Agreement, in which Petrel has a 30% Working Interest, is that it awaits ratification (by passage through Cabinet and Parliament), after which there are exploration periods of three years initial term, plus two extension periods of a total 3.5 years. In the current year no ratification has been received therefore, as a matter of prudence the directors opted to write down 20% of the carrying value of the Tano 2A Block historic expenditure.

All investments and operations must be conducted in accordance with our ABC and ESG policy guidelines.

### Iraq

The Merjan oil field was discovered in 1983 by Mobil, but though economic, never developed due to the sub-economic terms available. From 2004, Petrel was invited by the Ministry of Oil to study how best this discovery could be proven up and brought into production. For best results, such smaller Iraqi fields should be developed under enhanced fiscal terms, to best align the interests of capital providers, operators and the Iraqi State. An updated development proposal was accordingly prepared to reflect financial reality and evolving Ministry guidelines.

During 2024, Petrel was asked by the Ministry of Foreign Affairs in Iraq for its proposals on how Iraqi oil & gas exports could be de-bottlenecked and boosted. There is considerable scope to improve Iraqi market access, adding value to Iraqi people:

### Logistics:

Logistically, Iraq should repair, upgrade and extend the oil export pipelines to Ceyhan (Turkey) as well as to Syria, which flowed over 200k bod from about 2001 through 2003.

During the late 1990s until 2003, the Iraqi Ministry of Oil had trucked up to 90k bod to Jordan, and up to 300k bod by truck into Turkey, as well as smaller volumes through Iran and informal export routes. There should be a larger oil and gas export pipelines to Aqaba, Jordan.

The Haditha to Haifa pipeline has been disabled since 1948, but the pipeline route remains available, and could be re-built, with improved pressure and capacity, once a Palestinian State, and other regional players, agree. This does not look immediately likely, but pipeline projects require long-term planning.

Gas-flaring should be phased-out as quickly as possible, and the gas used for electricity generation and the local market (as has been envisaged in Ministry plans). Stopping methane leakages along the elderly pipeline system and field facilities should be self-financing, as it should attract EU and other Carbon credits.

Generally, Iraq should duplicate Qatar’s success in the LNG market (LNG is now circa 55% of internationally traded gas, with strong demand growth in Europe but especially in Asia). Iraq can add value by converting gas to petrochemicals, and fertilizers, as well as Gas to Liquids, etc.

### *How should the Iraqi Government develop the Iraqi oil industry from 2024?*

Having oil potential, or even reserves, no matter how large or low cost to develop, does not by itself deliver prosperity.

Many Iraqi citizens of the post-Suez (1956) generation were resource nationalists and supported limiting the role of foreign oil companies.

# Petrel Resources Plc

## Review of Operations

(continued)

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Unfortunately, the combination of suspicion of foreign oil companies, sanctions, and wars (including internal sectarian conflict and resistance since 2003) have held back Iraq's development, including the building of necessary oil and other infrastructure. Iraq's government earnings and economy remains highly dependent on oil – much more so than Russia or even Iran, which have steadily diversified.

The result is that by the outbreak of the Ukraine war in 2022, Russia and Saudi Arabia were each about 3 times Iraq's oil output. Saudi Arabia still allows only limited service contracts – though Saudi Aramco still depends on expatriates. Russia and even Iran are more flexible.

Iraq suffers from the 'oil curse' whereby easy revenues drive out enterprise, maintain the exchange rate at a high level that undermines other industries. It encourages patronage, and sometimes corruption – which exacerbates sectarian, ethnic and tribal divisions.

*Have Service Contracts achieved their objectives for companies and Iraq?*

No: even at its pre-C-19 peak of c.4.7mmbod output, Iraq fell short of its 6 to 9 mmbod 1989 plan, and the high hopes of rivalling Saudi Arabia. There is insufficient incentive for contractors to boost production, and recoveries – while the Ministry of Oil has been hollowed out by sanctions and wars, and now unable to fill the gap.

*Should the Federal Ministry of Oil negotiate Production Sharing Agreements?*

Yes: this would better align the interests of the parties, and create more wealth, value-added in downstream industries like refined products and petrochemicals, infrastructure and employment for Iraq.

The success of Qatar in LNG – or even the Emirates and Oman show what can be done with more pragmatism.

*Should Production Sharing Agreements be introduced for individual Governates (e.g. Kurdistan), and why?*

The KRG (formed of the 3 most northern Governates) tried to negotiate Production Sharing Agreements after 1992 (unsuccessfully) but after the 2003 invasion (with Kurdish peshmerga support) attracted first juniors like DNO, Gulf Keystone, and later Hunt Oil, Gazprom and even Exxon and Chevron. Though the legality of such PSAs was always dubious, they arguably became "facts on the ground" – though after a foolish independence referendum in September 2017 the Baghdad military recovered Kirkuk and other mixed territory that had previously been seized by the peshmerga at times of Federal weakness.

*Should other Governates (e.g. Shia Wasit or Sunni Anbar) have autonomy to award Production Sharing Agreements on acreage or smaller discoveries that the Baghdad Ministry of Oil does not plan to develop?*

There would be competition and innovation, facilitating companies of different sizes and specialties. This would also provide local tax revenue and employment. But the State Marketing Organisation (SOMO) would have to market any export oil, and OPEC quotas might restrict output.

*Should Iraq stay in OPEC?*

Given that OPEC was established in Baghdad in 1960, and Iraq's dependence on the goodwill of its oil-exporting neighbours, the benefits of compliant OPEC membership outweigh the risks of leaving, like Qatar, or staying out like Mexico, Russia and Brazil.

These are some frank views of international investors who have worked on Iraq since 1997 and are keen to see Iraq prosper. Off course, all policy decisions are the sovereign right of the Iraqi Government. But these suggestions address many international investor concerns.

# Petrel Resources Plc

## Directors' Report

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The directors present their annual report and the audited financial statements for the year ended 31 December 2023.

### GENERAL INFORMATION

Petrel Resources plc is a public limited company listed on AIM, part of the London Stock Exchange and is incorporated and domiciled in the Republic of Ireland. The company's registered number is 92622.

### PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

The main activity of Petrel Resources plc and its subsidiaries is oil and gas exploration. The Group has exploration interests in Iraq and Ghana.

Further information concerning the activities of the Group during the financial year and its future prospects and strategy is contained in the Chairman's Statement and Review of Operations.

### RESULTS AND DIVIDENDS

The consolidated loss for the financial year, after taxation, amounted to €491,086 (2022: €310,813).

The directors do not recommend that a dividend be declared for the financial year ended 31 December 2023 (2022: Nil).

### PERFORMANCE REVIEW

The performance review is set out in the Chairman's Statement and Review of Operations.

### DIRECTORS' COMPLIANCE STATEMENT

The directors, in accordance with Section 225(2)(a) of the Companies Act 2014 (the "Act"), acknowledge that they are responsible for securing the Company's compliance with its "relevant obligations." "Relevant obligations", in the context of the Company, are the Company's obligations under:

- a) the Act, where a breach of the obligations would be a category 1 or category 2 offence;
- b) the Act, where a breach of the obligation would be a serious Market Abuse or Prospectus offence; and
- c) tax law.

Pursuant to Section 225(2)(b) of the Act, the directors confirm that:

- the Company has drawn up a statement setting out the Company's policies that are in the opinion of the directors appropriate with respect to the Company complying with its relevant obligations;
- there are appropriate arrangements and structures in place designed to secure material compliance with the Company's relevant obligations; and
- a review of these structures has been performed during the year.

The directors confirm that the above sections have been complied with during the financial year.

### PRINCIPAL RISKS AND UNCERTAINTIES

The Group is subject to a number of potential risks and uncertainties, which could have a material impact on the long-term performance of the Group and could cause actual results to differ materially from expectation. The management of risk is the collective responsibility of the Board of Directors and the Group has developed a range of internal controls and procedures in order to manage risk. The following risk factors are the principal risks relevant to the Group's activities:

Risk	Nature of risk and mitigation
Licence obligations	<p>When licenses are obtained, operations must be carried out in accordance with the terms of each license agreed with the relevant ministry for natural resources in the host country. Typically, the law provides that operations may be suspended, amended or terminated if a contractor fails to comply with its obligations under such licenses or fails to make timely payments of relevant levies and taxes.</p> <p>The Group has regular communication and meetings with relevant government bodies to discuss future work plans and receive feedback from those bodies. Country Managers in each jurisdiction monitor compliance with license obligations and changes to legislation applicable to the company and reports as necessary to the Board once licenses are ratified or obtained</p>
Requirement for further funding	<p>The Group may require additional funding to implement its exploration and development plans as well as finance its operational and administrative expenses. There is no guarantee that future market conditions will permit the raising of the necessary funds by way of issue of new equity, debt financing or farming out of interests. If unsuccessful, this may significantly affect the Group's ability to execute its long-term growth strategy.</p> <p>The Board regularly reviews Group cash flow projections and considers different sources of funds. The Group regularly meets with shareholders and the investor community and communicates through their website and regulatory reporting.</p>
Geological and development risks	<p>Exploration activities are speculative and capital intensive and there is no guarantee of identifying commercially recoverable reserves.</p> <p>The Group activities in Ghana and Iraq are in proven resource basins. The Group uses a range of techniques to minimise risk prior to drilling and utilises independent experts to assess the results of exploration activity.</p>
Title to assets	<p>Title to oil and gas assets in Ghana and Iraq can be complex. The Group is currently awaiting ratification of its licenses in Ghana and Iraq.</p> <p>The Directors monitor any threats to the Group's interest in foreign jurisdictions and employ the services of experienced and competent lawyers in relevant jurisdictions to defend those interests, where appropriate. The directors maintain close contact with the relevant authorities to progress the ratification of license agreements.</p>
Exchange rate risk	<p>The Group seeks to minimise its exposure to currency risk by closely monitoring exchange rates and maintaining a level of cash in foreign denominated currencies sufficient to meet planned expenditure in that currency.</p>
Political risk	<p>The Group holds assets in Ghana and Iraq and therefore the Group is exposed to country specific risks such as the political, social and economic stability of this country. The countries in which the Group operates are encouraging foreign investment.</p> <p>The Group's projects are long standing and we have established strong relationships with local and national government which enable the Group to monitor the political and regulatory environment.</p>
Going Concern	<p>Group cashflows are rigorously monitored and managed to ensure that the Group is in a liquid position and able to meet its ongoing commitments.</p> <p>The Directors and management regularly meet to agree the appropriate course of action to ensure that any matters that significantly, positively or negatively, impact the cash generation of the Group, are resolved in the best interest of the Group and its shareholders. Further information is set out in Note 3.</p>
Financial risk Management	<p>Details of the financial risk management policies are set out in note 16.</p>

In addition to the above there can be no assurance that the current exploration programmes will result in profitable operations. The recoverability of the carrying value of exploration and evaluation assets is dependent upon the successful ratification of licenses, discovery of economically recoverable reserves, the achievement of profitable operations, and the ability of the Group to raise additional financing, if necessary, or alternatively upon the Group's and Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write down of the carrying values of the Group's assets.

# Petrel Resources Plc

## Directors' Report

(continued)

### FINANCIAL KEY PERFORMANCE INDICATORS

The two main KPIs for the Group are as follows. These allow the Group to monitor costs and plan future exploration and development activities:

	2023	2022
	€	€
Exploration and evaluation costs capitalised during the year	–	–
Finance raised in the year on AIM	<b>20,761</b>	285,926

In addition, the Group reviews ongoing operating costs which relate to the Group's ability to run the corporate function. As detailed in Note 3 of the financial statements, the directors expect that adequate resources will be available to meet the Group's committed obligations as they fall due. Further details are set out in the Chairman's Statement and Review of Operations.

### DIRECTORS

The current directors are:

David Horgan (Chairman)  
John Teeling

### DIRECTORS AND SECRETARY'S INTEREST IN SHARES

The directors and secretary holding office at 31 December 2023 had the following interests in the ordinary shares of the company:

	31 December 2023		31 December 2022	
	Ordinary Shares of €0.0125 each	Warrants of €0.0125 each	Ordinary Shares of €0.0125 each	Warrants of €0.0125 each
	Number	Number	Number	Number
David Horgan	<b>4,215,384</b>	–	4,215,384	–
John Teeling	<b>27,334,871</b>	<b>833,333</b>	27,334,871	833,333
James Finn	<b>13,618,718</b>	<b>833,333</b>	13,618,718	833,333

There have been no changes to the directors' interests between the financial year end and the date of this report.

### SUBSTANTIAL SHAREHOLDINGS

The share register records that, excluding the directors, the following shareholders held 3% or more of the issued share capital of the company as at 31 December 2023 and 31 May 2024:

	31 December 2023	
	No. of Shares	%
Interactive Investor Services Nominees Limited (SMKTNOMS)	18,984,933	10.61%
Interactive Investor Services Nominees Limited (SMKTISAS)	9,246,527	5.17%
Hargreaves Lansdown (Nominees) Limited (15942)	6,167,320	3.45%
HDSL Nominees Limited	5,864,879	3.28%
	31 May 2024	
	No. of Shares	%
Interactive Investor Services Nominees Limited (SMKTNOMS)	13,214,239	7.19%
Interactive Investor Services Nominees Limited (SMKTISAS)	8,993,164	4.89%
Hargreaves Lansdown (Nominees) Limited (15942)	7,654,720	4.16%
HDSL Nominees Limited	6,072,165	3.30%
Hargreaves Lansdown (Nominees) Limited (HLNOM)	5,650,961	3.07%

# Petrel Resources Plc

## Directors' Report

(continued)

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### GOING CONCERN

Information in relation to going concern is outlined in Note 3 to the financial statements.

### SOCIAL RESPONSIBILITY

The Group works toward positive and constructive relationships with government, neighbours and the public, ensuring fair treatment of those affected by the Group's operations. In particular, the Group aims to provide employees with a healthy and safe working environment whilst receiving payment that enables them to maintain a reasonable lifestyle for themselves and their families.

### SUBSIDIARIES

Details of the company's significant subsidiaries are set out in Note 12 to the financial statements.

### CHARITABLE AND POLITICAL DONATIONS

The company made no charitable or political donations during the financial year.

### ACCOUNTING RECORDS

The measures taken by the directors to ensure compliance with the requirements of Sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records, are the employment of appropriately qualified accounting personnel and the maintenance of computerised accounting systems. The company's accounting records are maintained at the company's registered office at 162 Clontarf Road, Dublin 3.

### DISCLOSURE OF INFORMATION TO AUDITORS

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 and the Group's auditors are 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 and the Group's auditors are aware of that information.

### POST BALANCE SHEET EVENTS

Material post balance sheet events are detailed in Note 24.

### AUDITORS

This confirmation is given and should be interpreted in accordance with the provisions of 383 of the Companies Act 2014. The auditors, Azets Audit Services Ireland Limited have been appointed in accordance with 383(2) of the Companies Act 2014, following the merger of PKF O'Connor Leddy Holmes Limited with Azets Ireland on 1 March 2024. A resolution to reappoint Azets Audit Services Ireland Limited will be proposed at the forthcoming Annual General Meeting.

This report was approved by the board on 21 June 2024 and signed on its behalf.

David Horgan  
Director

John Teeling  
Director

# Petrel Resources Plc

## Corporate Governance Report

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The Company's securities are traded on AIM, part of the London Stock Exchange ("AIM"). The Company has applied the requirements of the Quoted Company Alliance ("QCA") corporate governance guidelines for AIM companies. Due to the size and nature of its current business the Company has not adopted the UK Corporate Governance Code in its entirety. The Company have complied with the QCA corporate guidelines where practical; instances of noncompliance have been highlighted below.

In addition, the Company has an established code of conduct for dealings in the shares of the Company by directors.

David Horgan, in his capacity as Chairman, has assumed responsibility for ensuring that the Company has appropriate corporate governance standards in place and that these requirements are communicated and applied.

The Board currently consists of 2 directors: the Chairman and one Non-Executive Director. This is not in compliance with the QCA Code which requires at least two independent non-executive directors. However the Board considers that appropriate oversight of the Company is provided by the currently constituted Board having regard to the current size and resources of the Company.

The Company also has a Chief Financial Officer who also acts as the Company Secretary.

The 10 principles set out in the QCA Code are listed below, with an explanation of how Petrel applies each of the principles and the reason for any aspect of non-compliance. The same information can be viewed at the following link <http://www.petrelresources.com/financial-reports>.

### **1. Establish a strategy and business model which promote long-term value for shareholders**

The Company has a clearly defined strategy and business model that has been adopted by the Board.

The Company strategy is the appraisal and exploitation of the assets currently owned. Concurrent with this process, management will continue to use its expertise to acquire additional license interests for oil and gas exploration to generate long term value for shareholders. The key challenges in executing this are referred to in paragraph 4 below.

### **2. Seek to understand and meet shareholder needs and expectations**

All shareholders are encouraged to attend the Company's Annual General Meetings where they can meet and directly communicate with the Board. After the close of business at the Annual General Meeting, the Chairman makes an up to date corporate presentation and opens the floor to questions from shareholders. Shareholders are also welcome to contact the Company via email at [info@petrelresources.com](mailto:info@petrelresources.com) with any specific queries.

The Company also provides regulatory, financial and business news updates through the Regulatory News Service (RNS) and various media channels. Shareholders also have access to information through the Company's website [www.petrelresources.com](http://www.petrelresources.com) which is updated on a regular basis and which includes the latest corporate presentation on the Company. Contact details are also provided on the website.

### **3. Take into account wider stakeholder and social responsibilities and their implications for long-term success**

The Board is committed to having the highest degree possible of Corporate Social Responsibility in how the Company undertakes its activities.

We aim to have an uncompromising stance on health, safety, environment and community relations. The Company policy is that all Company activities are carried out in compliance with safety regulations, in a culture where the safety of personnel is paramount. The Company will ensure an appropriate level of contact and negotiation with all stakeholders including landowners, community groups and regional and national authorities and will seek to obtain feedback from such stakeholders. This is carried out by David Horgan and local management in Ghana and Iraq.

### **4. Embed effective risk management, considering both opportunities and threats, throughout the organisation**

The Board regularly reviews the risks to which the Company is exposed and ensures through its meetings and regular reporting that these risks are minimised as far as possible whilst recognising that its business opportunities carry an inherently high level of risk. It is ultimately responsible for the management, governance, controls, risk management, direction and performance of the Company. The principal risks and uncertainties facing the Company at this stage in this development and in the foreseeable future are detailed on page 9 of the Annual Report, together with risk mitigation strategies employed by the Board.

**5. Maintain the board as a well-functioning, balanced team led by the chair**

The Board's role is to agree the Company's long-term direction and strategy and monitor achievement of its business objectives, while ensuring that they are properly pursued within a robust framework of risk management and internal controls. The Board meets formally at least four times a year for these purposes and holds additional meetings when necessary to transact other business. The Board held six scheduled meetings during the year, during which the Board received reports for consideration on all significant strategic, operational and financial matters.

The Board is supported by the Audit and Remuneration and the Nomination committees, detailed below. The Audit Committee met twice during the year, and both the Remuneration and Nomination Committee's met once.

The Board comprises the Chairman, David Horgan and John Teeling, Non-executive Director.

The Board currently has one non-executive director, which is a departure from the QCA Code which requires at least two independent non-executive directors. However, the Board considers that appropriate oversight of the Company is provided by the currently constituted Board having regard to the current size and resources of the Company.

All directors are subject to re-election intervals as prescribed in the Company's Articles of Association. At each Annual General Meeting one-third of the Directors who are subject to retirement by rotation, shall retire from office. They can then offer themselves for re-election.

On appointment, each director receives a letter of appointment from the Company. The Directors will receive a fee for their services as a director which is approved by the Board, being mindful of the time commitment and responsibilities of their roles and of current market rates for comparable organisations and appointments. The non-executive Directors are reimbursed for travelling and other incidental expenses incurred on Company business.

**6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities**

The Board considers the current balance of sector, financial and public market skills and experience which it embodies is appropriate for the size and stage of development of the Company and that the Board has the skills and requisite experience necessary to execute the Company's strategy and discharge its fiduciary duties effectively. The experience and knowledge of each of the Directors gives them the ability to constructively challenge the strategy and execute performance. The Board is committed to ensuring diversity of skill and experience.

The Board delegates certain of its responsibilities to the Board Committees, listed within this report, which clearly defined terms of reference.

All Directors have access to the advice and services of the Company's solicitors and the Company Secretary, who is responsible for ensuring that all Board procedures are followed. Any Director may take independent professional advice at the Company's expense in the furtherance of his duties.

Details of the current Board of Directors' biographies are as follows:

**David Horgan, Chairman**

David Horgan has over 34 years' experience in oil and gas and resources projects in Latin America, Africa and the Middle East through a number of AIM listed companies including Clontarf Energy and Pan Andean Resources. He previously worked at Kenmare where he raised finance, captured the premium graphite worldwide market and evaluated investment opportunities. Prior to that he worked with Boston Consulting Group internationally for seven years. He holds a First Class law degree from Cambridge and an MBA with Distinction from the Harvard Business School.

**John Teeling, Director**

John Teeling is non-executive director of Petrel Resources. He has 40 years' resources experience. John Teeling is also involved in a number of other AIM exploration companies. He is a founder of a number of companies in the resource sector including African Diamonds, Pan Andean Resources, Minco, African Gold, Persian Gold and West African Diamonds, all were listed on AIM. John Teeling holds degrees in Economics and Business from University College Dublin, an MBA from Wharton and a Doctorate in Business Administration from Harvard. He lectured for 20 years in business and finance at University College Dublin.

All Directors have access to the Company Secretary who is responsible for ensuring that Board procedures and applicable rules and regulations are observed.

The Board as a whole considers the Non-Executive Director to be independent of management and free from any business or other relationship which could materially interfere with the exercise of independent judgement.

### **7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement**

In accordance with provisions of the Code, a performance evaluation of the Board is carried out annually. In 2023, the performance evaluation process was conducted internally.

#### Board Evaluation Process in July 2023

The Chairman David Horgan appraised the Board on the performance of each of the Directors during the year. The Board formally concluded on its own performance, on the performance of Committees and on the performance of individual Directors, including the Chairman.

#### Analysis of 2023 evaluation

The evaluation indicated a high level of satisfaction with the composition, performance and effectiveness of the Board, its Chair and Committees. It found that there are good communications both within the Board/ Committees and with management.

A number of key focus areas were identified for the Board to consider. These include:

- Continued consideration of succession planning at Board and management level
- Increased allocation of Board meeting time to consideration of strategic issues
- Increased diversity on the Board

Arising from the evaluation process, a number of actions were agreed by the Board which will be implemented by the Chairman during the current year.

### **8. Promote a corporate culture that is based on ethical values and behaviours**

The corporate culture of the Company is promoted throughout its contractors and is underpinned by compliance with local regulations and the implementation and regular review and enforcement of various policies: Health and Safety Policy; Share Dealing Policy; Code of Conduct and Privacy Policy. The Company policy is that all Company activities are carried out in compliance with safety regulations, in a culture where the safety of personnel is paramount. The Company will ensure an appropriate level of contact and negotiation with all stakeholders including strategic partners, landowners, community groups and regional and national authorities.

The Board recognises that their decisions regarding strategy and risk will impact the corporate culture of the Company and that this will impact performance. The Board is well aware that the tone and culture set by the Board will greatly impact all aspects of the Company and the way that contractors behave.

The exploration for and development of oil and gas resources can have significant impact in the areas where the Company and its contractors are active and it is important that the communities in which we operate view the Company's activities positively. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives. The Board places great importance on this aspect of corporate life and seeks to ensure that this is reflected in all the Company does.

The Company also has an established code for Directors' dealings in securities which is appropriate for a company whose securities are traded on AIM, and is in accordance with Rule 21 of the AIM rules and the Market Abuse Regulation.

**9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board**

The Board has overall responsibility for all aspects of the business. The Chairman is responsible for overseeing the running of the Board, ensuring that no individual or group dominates the Board's decision-making. The Chairman has overall responsibility for corporate governance matters in the Company and chairs the Nomination Committee. The Chairman has the responsibility for implementing the strategy of the Board and managing the day-to-day business activities of the Company. The Company Secretary is responsible for ensuring that Board procedures are followed and applicable rules and regulations are complied with.

The Nomination Committee comprises the Chairman, the Company Secretary and the Non-Executive Director, John Teeling meets at least once per year to examine Board appointments and to make recommendations to the Board in accordance with best practice and other applicable rules and regulations. The Nomination Committee did not meet in the current year as there were no changes to the board.

The Audit Committee, which is chaired by Chairman, David Horgan, and also includes John Teeling meets at least twice a year and assists the Board in meeting responsibilities in respect of external financial reporting and internal controls. The Chief Financial Officer and Company Secretary James Finn is invited to attend meetings of the Committee. The Audit Committee also keeps under review the scope and results of the audit. It also considers the cost-effectiveness, independence and objectivity of the Auditor taking account of any non-audit services provided by them.

The Remuneration Committee is comprised of David Horgan and John Teeling. The Remuneration Committee meets at least once a year to determine the appropriate remuneration for the Company's executive directors, ensuring that this reflects their performance and that of the Company. The Company has a share option scheme for directors. No Director participates in discussions concerning his own remuneration.

The Company's Audit Committee Report is presented on pages 16 and 17 and provides further details on the committee's responsibilities and its activities during 2023, and while a separate report from the Remuneration Committee was not produced due to the size of the company, the Company intends to review this requirement on an annual basis.

**10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders**

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company.

Investors also have access to current information on the Company through its website <http://www.petrelresources.com> and through David Horgan, Chairman, who is available to answer investor relations enquiries. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting and any other General Meetings that are held throughout the year.

The Company's financial reports can be found here: <http://www.petrelresources.com/investors/financial-reports>

# Petrel Resources Plc

## Audit Committee Report

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Dear Shareholders,

I am pleased to present this report on behalf of the Audit Committee and to report on the progress made by the Committee during the year. This report details how the Audit Committee has met its responsibilities under its Terms of Reference and the Irish Companies Act over the last twelve months.

### **Aims of the Audit Committee**

Our purpose is to assist the Board in managing risk, discharging its duties regarding the preparation of financial statements, ensure that a robust framework of accounting policies is in place and enacted and oversee the maintenance of proper internal financial controls.

The Audit Committee, which is chaired by Chairman, David Horgan, and also includes John Teeling meets at least twice a year and assists the Board in meeting responsibilities in respect of external financial reporting and internal controls. The Chief Financial Officer and Company Secretary James Finn is invited to attend meetings of the Committee. The Audit Committee also keeps under review the scope and results of the audit. It also considers the cost-effectiveness, independence and objectivity of the Auditor taking account of any non-audit services provided by them.

### **The Audit Committee is committed to:**

- Maintaining the integrity of the financial statements of the Company and reviewing any significant reporting matters therein;
- Reviewing the Annual & Interim Report and Accounts and monitoring the accuracy and fairness of the Company's financial statements;
- Ensuring compliance of financial statements with applicable accounting standards and the AIM Rules;
- Reviewing the adequacy and effectiveness of the internal financial control environment and risk management systems; and
- Overseeing the relationship with and the remuneration of the external auditor, reviewing their performance and advising the Board members on their appointment.

The Audit Committee met twice in 2023.

### **Activities of the Audit Committee during the year**

On behalf of the Board, the Audit Committee has closely monitored the maintenance of internal controls and risk management during the year. Key financial risks are reported during each Audit Committee meeting, including developments and progress made towards mitigating these risks.

The Audit committee received and reviewed reports from the Chief Financial Officer, other members of management and external auditors relating to the interim and annual financial statements and the accounting and internal control systems in use throughout the Group.

The external auditor attended one of the meetings to discuss the planning and conclusions of their work and meet with members of the committee. The committee was able to call for information from management and consult with the external auditor directly as required.

The objectivity and independence of the external auditor was safeguarded by reviewing the auditor's formal declarations and monitoring relationships between key audit staff and the Company.

As noted above, the committee met twice during the year, to review the 2022 annual accounts and the interim accounts to 30 June 2023 and audit planning for the year ended 31 December 2023. Members of the committee reviewed with the independent auditor its judgements as to the acceptability of the Company's accounting principles.

# Petrel Resources Plc

## Audit Committee Report

(continued)

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Since the year end, the committee has met with the auditors to consider the 2023 financial statements. In particular, the committee discussed the significant audit risks and the audit report.

**David Horgan**  
Chairman Audit Committee

21 June 2024

# Petrel Resources Plc

## Directors' Responsibilities Statement

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The directors are responsible for preparing the Group Strategic Report, Directors' Report and the consolidated 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 they have elected to prepare the Group and parent Company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

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 Group and the Company and of the profit or loss of the Group for that period. In preparing the consolidated financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that the financial statements comply with the Companies Act 2014. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The directors are also responsible for ensuring that they meet their responsibilities under the AIM Rules.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



### Opinion

We have audited the financial statements of Petrel Resources plc and its subsidiaries (the 'group') for the year ended 31 December 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is Irish law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2014.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent assets, liabilities and financial position as at 31 December 2023 and of the group's and parent company's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2014; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2014.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA) as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### Material uncertainty related to going concern

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

We draw attention to note 3 in the financial statements concerning the group and parent's ability to continue as a going concern. The Group incurred a loss for the year of €491,086 (2022: loss of €310,813) after exchange differences on retranslation of foreign operations of €1,474 (2022: loss of €2,527) at the balance sheet date. The Group had net current liabilities of € 226,969 (2022: net assets of €243,357) and the Company had net current liabilities of € 226,969 (2022: net assets of €243,357) at

the balance sheet date. The going concern assumption of the group and parent company is dependent on the group and parent company obtaining additional finance to meet the working capital needs for a period of not less than twelve months from the date of approval of the financial statements. These events and conditions, along with the other matters as set forth in note 3 to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the group and parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our evaluation of the directors' assessment of the group's and parent company's ability to adopt the going concern basis of accounting included:

- Obtaining an understanding of the group and parent company's relevant controls over the preparation and review of cash flow projections and assumptions used in the cash flow forecasts to support the going concern assumption and assessed the design and implementation of these controls;
- Challenging the key assumptions used in the cash flow forecasts by agreement to historical run rates, expenditure commitments and other supporting documentation;
- Testing the clerical accuracy of the cash flow forecasts;
- Sensitivity analysis on the cash flow forecasts to assess the amount of headroom available to the group and parent company based on its year end cash position;
- Assessment of the group and parent company's ability to raise additional finance; and
- Assessment of the adequacy of the disclosures in the financial statements with a particular focus on appropriate disclosure of the key uncertainties relating to going concern.

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

### **Our application of materiality**

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The materiality applied to the group financial statements was €19,200. This has been calculated using Gross Assets benchmarks which we have determined, in our professional judgement, to be the most appropriate benchmarks within the financial statements relevant to the members of the Group in assessing financial performance. The materiality applied to the parent company financial statements was €19,200 based upon 2% of Gross Assets. Performance materiality was 75% of overall materiality for the group and parent company.

We report to the Audit Committee all corrected and uncorrected misstatements we identified through our audit in excess of €750 for the group and parent company. We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

### **An overview of the scope of our audit**

In designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas involving significant accounting estimates and judgement by the directors and considered future events that are inherently uncertain. We also addressed the risk of management override of controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

The group and its one subsidiary are accounted for from a central location in Dublin, Ireland.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit addressed the key audit matter
<p><b>Valuation and recoverability of intangible assets (refer note 11)</b></p> <p><b>The group carries a material amount of intangible assets in relation to capitalised costs associated with group's exploration activities in both the consolidated balance sheet and parent company balance sheet. As a result, the following risks arise:</b></p> <ul style="list-style-type: none"> <li>– <b>Costs may have been incorrectly capitalised and not conform with all the 6 step criteria detailed in IAS 38.</b></li> <li>– <b>The carrying value of the capitalised cost may be overstated and the realisation of these intangible assets is dependent on the discovery and successful development of economic petroleum reserves, which is subject to a number of risks and uncertainties, including obtaining title to licences and the ability of the group to raise sufficient finance to develop the projects.</b></li> </ul>	<p>The work undertaken to mitigate the risks were as follows:</p> <ul style="list-style-type: none"> <li>• We reviewed and challenged management's assessment of impairment of exploration activities, considered whether there are any indicators of impairment. We found the judgements used by management in their impairment assessment were reasonable.</li> <li>• We verified the capitalised exploration costs meet the eligibility criteria detailed in IAS 38 for that given site.</li> <li>• We substantively tested additions in the year back to supporting documentation to include licences held by the group and parent company to identify terms and commitments in relation to those licences.</li> <li>• We also considered the adequacy of the disclosures included in the financial statements in accordance with IFRS.</li> </ul>

### 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 group and parent company 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.

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 this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2014

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#### In our opinion, based on the work undertaken in the course of the audit, we report that:

- 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 the Companies Act 2014.

We have obtained all the information and explanations which we consider necessary for the purpose of our audit.

In our opinion, the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

#### Matters on which we are required to report by exception

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Based on 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.

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

#### Responsibilities of directors

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As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the group and parent company 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 group and parent company financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

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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 (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to those directly impacting the preparation of the financial statements, such as the Companies Act 2014 and the AIM Rules. There are no significant laws and regulations currently impacting the trading activities of the group other than compliance with normal business contractual terms.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements, and determined that the principal risks related to management bias through judgements and assumptions in significant accounting estimates, and to posting inappropriate journal entries. The key audit matters section of our report explains the specific procedures performed in respect of the valuation and recoverability of intangible assets.

# Petrel Resources Plc

## Independent Auditor's Report to the Members of Petrel Resources plc.

(continued)

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Our audit procedures performed included:

- Discussions with and inquiry of management and those charged with governance in relation to known or suspected instances of non-compliance with laws and regulations and fraud;
- Review of minutes from board and other committee meetings;
- Challenging assumptions and judgements made by management in their significant accounting estimates;
- Testing the appropriateness of journal entries and other adjustments, and evaluating the business rationale of any significant transactions that are unusual or outside the normal terms of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: <https://www.iaasa.ie/Publications/Auditing-standards/>

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 Section 391 of the Companies Act 2014. 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.

**Keith Doyle**  
**For and on behalf of Azets Audit Services Ireland Limited**  
**Statutory Auditor**

3rd Floor  
40 Mespil Road  
Dublin 4

21 June 2024

# Petrel Resources Plc

## Consolidated Statement of Comprehensive Income

For The Year Ended 31 December 2023

	Note	2023 €	2022 €
Administrative expenses	4	(304,453)	(310,813)
Impairment of Exploration and Evaluation assets	11	(186,633)	–
<b>Operating loss</b>		<b>(491,086)</b>	(310,813)
Loss before taxation		(491,086)	(310,813)
Income tax expense	9	–	–
<b>Loss for the financial year</b>		<b>(491,086)</b>	(310,813)
Other comprehensive income		–	–
<b>Total comprehensive income for the financial year</b>		<b>(491,086)</b>	(310,813)
<b>Earnings per share attributable to the ordinary equity holders of the parent</b>		<b>2023 Cents</b>	2022 Cents
Loss per share – basic and diluted	10	<b>(0.28)</b>	(0.19)

# Petrel Resources Plc

## Consolidated Statement of Financial Position

As At 31 December 2023

	Note	2023 €	2022 €
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	11	746,534	933,167
		<b>746,534</b>	933,167
<b>Current assets</b>			
Trade and other receivables	13	10,354	33,807
Cash and cash equivalents	14	35,667	166,309
		<b>46,021</b>	200,116
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	15	(1,019,524)	(889,927)
Total liabilities		<b>(1,019,524)</b>	(889,927)
<b>Net (liabilities)/assets</b>		<b>(226,969)</b>	243,356
<b>Equity</b>			
Share capital	17	2,235,898	2,223,398
Capital conversion reserve fund	19	7,694	7,694
Capital redemption reserve	19	209,342	209,342
Share premium	17	21,819,781	21,811,520
Share based payment reserve	18	26,871	26,871
Retained deficit	20	(24,526,555)	(24,035,469)
<b>Total equity</b>		<b>(226,969)</b>	243,356

The financial statements were approved by the board of directors on 21 June 2024 and were signed on its behalf by:

**David Horgan**  
Director

**John Teeling**  
Director

# Petrel Resources Plc

## Company Statement of Financial Position

As At 31 December 2023

	Note	2023 €	2022 €
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	11	<b>746,534</b>	921,930
Investment in subsidiaries	12	<b>–</b>	15,019
		<b>746,534</b>	936,949
<b>Current assets</b>			
Trade and other receivables	13	<b>10,354</b>	30,025
Cash and cash equivalents	14	<b>35,667</b>	166,309
		<b>46,021</b>	196,334
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	15	<b>(1,019,524)</b>	(889,927)
Total liabilities		<b>(1,019,524)</b>	(889,927)
<b>Net (liabilities)/assets</b>		<b>(226,969)</b>	243,356
<b>Equity</b>			
Share capital	17	<b>2,235,898</b>	2,223,398
Capital conversion reserve fund	19	<b>7,694</b>	7,694
Capital redemption reserve	19	<b>209,342</b>	209,342
Share premium	17	<b>21,819,781</b>	21,811,520
Share based payment reserve	18	<b>26,871</b>	26,871
Retained deficit	20	<b>(24,526,555)</b>	(24,035,469)
<b>Total equity</b>		<b>(226,969)</b>	243,356

The financial statements were approved by the board of directors on 21 June 2024 and were signed on its behalf by:

**David Horgan**  
Director

**John Teeling**  
Director

# Petrel Resources Plc

## Consolidated and Company Statement of Changes in Equity

For The Year Ended 31 December 2023

### Group and company

	Share Capital €	Share Redemption Premium €	Capital Conversion Reserve €	Reserve Fund €	Share Based Payment Reserve €	Retained Deficit €	Total €
At 1 January 2022	1,962,981	21,786,011	209,342	7,694	26,871	(23,724,656)	268,243
Issue of shares	260,417	25,509	–	–	–	–	285,926
Total comprehensive income for the financial year	–	–	–	–	–	(310,813)	(310,813)
At 31 December 2022	2,223,398	21,811,520	209,342	7,694	26,871	(24,035,469)	243,356
Issue of shares	<b>12,500</b>	<b>8,261</b>	–	–	–	–	<b>20,761</b>
Total comprehensive income for the financial year	–	–	–	–	–	<b>(491,086)</b>	<b>(491,086)</b>
<b>At 31 December 2023</b>	<b>2,235,898</b>	<b>21,819,781</b>	<b>209,342</b>	<b>7,694</b>	<b>26,871</b>	<b>(24,526,555)</b>	<b>(226,969)</b>

# Petrel Resources Plc

## Consolidated Statement of Cash Flows

For The Year Ended 31 December 2023

	2023 €	2022 €
<b>Cash flows from operating activities</b>		
Loss for the year	(491,086)	(310,813)
Impairment	186,633	–
Foreign exchange	1,474	2,527
	<u>(302,979)</u>	<u>(308,286)</u>
<b>Operating cashflow before movements in working capital</b>		
Increase in trade and other payables	129,597	97,497
Decrease/(increase) in trade and other receivables	23,453	(8,144)
	<u>153,050</u>	<u>89,353</u>
<b>Cash used in operations</b>		
	<u>(149,929)</u>	<u>(218,933)</u>
<b>Investing activities</b>		
Payments for exploration and evaluation assets	–	–
	<u>–</u>	<u>–</u>
<b>Net cash used in investing activities</b>		
	<u>–</u>	<u>–</u>
<b>Financing activities</b>		
Shares issued	20,761	285,926
	<u>20,761</u>	<u>285,926</u>
<b>Net cash generated from financing activities</b>		
	<u>20,761</u>	<u>285,926</u>
<b>Net cash (decrease)/increase in cash and cash equivalents</b>	<b>(129,168)</b>	66,993
Cash and cash equivalents at the beginning of year	166,309	101,843
Exchange gains / (loss) on cash and cash equivalents	(1,474)	(2,527)
	<u>35,667</u>	<u>166,309</u>
<b>Cash and cash equivalents at the end of the year</b>	<u>35,667</u>	<u>166,309</u>

# Petrel Resources Plc

## Company Statement of Cash Flows

For The Year Ended 31 December 2023

	2023 €	2022 €
<b>Cash flows from operating activities</b>		
Loss for the year	(491,086)	(310,813)
Impairment of exploration and evaluation assets	175,396	–
Impairment of investments in subsidiaries	15,019	–
Foreign exchange	1,474	2,527
	<u>(299,197)</u>	<u>(308,286)</u>
<b>Operating cashflow before movements in working capital</b>		
Increase in trade and other payables	129,597	97,497
Decrease/(Increase) in trade and other receivables	19,671	(8,144)
	<u>149,268</u>	<u>89,353</u>
<b>Cash used in operations</b>		
	<u>(149,929)</u>	<u>(218,933)</u>
<b>Investing activities</b>		
Payments for exploration and evaluation assets	–	–
	<u>–</u>	<u>–</u>
<b>Net cash used in investing activities</b>		
	<u>–</u>	<u>–</u>
<b>Financing activities</b>		
Shares issued	20,761	285,926
	<u>20,761</u>	<u>285,926</u>
<b>Net cash generated from financing activities</b>		
	<u>20,761</u>	<u>285,926</u>
<b>Net cash (decrease)/increase in cash and cash equivalents</b>	<b>(129,168)</b>	66,993
Cash and cash equivalents at the beginning of year	166,309	101,843
Exchange gains / (loss) on cash and cash equivalents	(1,474)	(2,527)
	<u>35,667</u>	<u>166,309</u>
<b>Cash and cash equivalents at the end of the year</b>		

# Petrel Resources Plc

## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2023

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### 1. GENERAL INFORMATION

Petrel Resources plc (the Company) is a public company limited by shares incorporated and registered in Ireland. The number under which it is registered is 92622. The address of its registered office is 162 Clontarf Road, Dublin 3.

The principal activities of the Company and its subsidiaries (the Group) and the nature of the Group's operations are set out on page 8

### 2. ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### 2.1 Basis of preparation

The financial statements of the Group and the Parent Company have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and in accordance with the provisions of the Companies Act 2014.

The financial statements of the Group and the Parent Company have been prepared on the historical cost basis. The consolidated financial statements have been prepared in accordance with the Companies Act 2014.

#### 2.2 International Financial Reporting Standards

##### New standards and interpretations not yet adopted

The following standards have been issued by the IASB but have not been endorsed by the EU, accordingly none of these standards have been applied in the current period and the Group is currently assessing whether these standards will have a material impact in the financial statements.

- Amendments to IFRS 10 and IAS 28: Sale and Contribution of Assets between an Investor and its Associate or Joint Venture – optional

The adoption of the above standards and interpretations is not expected to lead to any changes to the accounting policies or have any other material impact on the financial position or performance of the group.

There have been no other new or revised International Financial Reporting Standards, International Accounting Standards or Interpretations that are in effect since that last annual report that have a material impact on the financial statements.

#### 2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries.

Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

# Petrel Resources Plc

## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2023

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### 2. ACCOUNTING POLICIES (continued)

#### 2.4 Basis of consolidation of subsidiaries

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The company has taken advantage of the exemption under section 304 of the Companies Act 2014 from publishing its individual income statement, statement of other comprehensive income and related notes. The Company's loss for the year was €491,086 (2022: €310,813).

#### 2.5 Functional and presentational currency

The individual financial statements of each Group Company are maintained in the currency of the primary economic environment in which it operates (their functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group Company are expressed in Euro, the presentation currency.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was re-determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the Statement of Comprehensive Income for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the Statement of Comprehensive Income for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during that year, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the year in which the operation is disposed of.

#### 2.6 Investment in subsidiaries

Investments in subsidiaries are stated at cost less any accumulated impairment losses.

# Petrel Resources Plc

## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2023

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### 2. ACCOUNTING POLICIES (continued)

#### 2.7 Intangible assets Exploration and evaluation assets

Exploration expenditure relates to the initial search for mineral deposits with economic potential in Ghana and Iraq. Evaluation expenditure arises from a detailed assessment of deposits that have been identified as having economic potential. The Group's exploration activities are subject to a number of significant uncertainties including:

- license obligations;
- exchange rate risks;
- uncertainty over development and operational costs;
- political and legal risks, including arrangements with Governments for licences, profit sharing and taxation;
- foreign investment risks including increases in taxes, royalties and renegotiation of contracts;
- financial risk management;
- going concern; and
- ability to raise finance.

The recoverability of these intangible assets is dependent on the discovery and successful development of economic reserves, which is subject to the risks and uncertainties set out above. Should this prove unsuccessful, the value included in the Statement of Financial Position would be written off to the Statement of Comprehensive Income.

Exploration costs are capitalised as an intangible asset until technical feasibility and commercial viability of extraction of reserves are demonstrable, when the capitalised exploration costs are re-classified to property, plant and equipment. Exploration costs include an allocation of administration and salary costs (including share based payments) as determined by management, where they relate to specific projects.

The assessment of whether general administration costs and salary costs are capitalized or expensed involves judgement. Management considers the nature of each cost incurred and whether it is deemed appropriate to capitalize it within intangible assets. Costs which can be demonstrated as project related are included within exploration and evaluation assets.

#### Impairment of intangible assets

The assessment of intangible assets for any indications of impairment involves judgement. If an indication of impairment exists, a formal estimate of recoverable amount is performed and an impairment loss is recognised to the extent that the carrying value amount exceeds the recoverable amount. The recoverable amount is determined as the higher of fair value less costs of disposal and value in use.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount. The Company reviews and tests for impairment on an ongoing basis and specifically if the following occurs:

- a) the period for which the Group has a right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- b) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- c) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities in the specific area; and
- d) sufficient data exists to indicate that although a development in the specific area is likely to proceed the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full through successful development or by sale.

Prior to reclassification to property, plant and equipment exploration and evaluation assets are assessed for impairment and any impairment loss is recognised immediately in the Statement of Comprehensive Income.

# Petrel Resources Plc

## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2023

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### 2. ACCOUNTING POLICIES (continued)

#### 2.8 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences arising on investments in subsidiaries and associates, only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

#### 2.9 Share-based payments

The Group issues equity-settled share-based payments only to certain employees and directors. Equity settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period based on the Group's estimate of shares that will eventually vest and adjusted for the effect of market based vesting conditions.

The fair value determined at grant date is measured by use of a Black Scholes Model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

#### Warrants

Warrants issued are classified separately as equity or as a liability at FVTPL in accordance with the substance of the contractual arrangement. When a warrant is exercised, the company issues share capital and the capital is accounted for with the par value being recognized in issued share capital and any amount received in excess of the nominal value of the issued shares being brought to share premium.

#### 2.10 Operating loss

Operating loss comprises general administrative costs incurred by the Company. Operating loss is stated before finance income, finance costs and other gains and losses.

#### 2.11 Financial instruments

Financial assets and liabilities are recognised in the Group and Company balance sheet when the Group and Company respectively becomes a party to the contractual provisions of the instrument.

A loss allowance for expected credit losses is determined for all financial assets, other than those at fair value through profit and loss (FVTPL), at the end of each reporting period. The expected credit loss recognised represents a probability-weighted estimate of credit losses over the expected life of the financial instrument. For all other financial assets at amortised cost, the Group recognises lifetime expected credit losses using the simplified model within ECL.

# Petrel Resources Plc

## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2023

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### 2. ACCOUNTING POLICIES (continued)

#### 2.11 Financial instruments (continued)

##### Cash and cash equivalents

Cash and cash equivalents comprises cash held by the Group and Company and short-term bank deposits with a maturity of three months or less from the date of placement.

##### Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

##### Trade payables

Trade payables classified as financial liabilities, are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

##### Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

#### 2.12 Critical accounting judgements and key sources of estimation uncertainty

##### Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies above, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

##### Exploration and evaluation assets

The assessment of whether general administration costs and salary costs are capitalised or expensed involves judgement. Management considers the nature of each cost incurred and whether it is deemed appropriate to capitalise it within intangible assets.

Costs which can be demonstrated as project related are included within exploration and evaluation assets. Exploration and evaluation assets relate to exploration and related expenditure in Ireland, Ghana and Iraq.

The Group and Company's exploration activities are subject to a number of significant and potential risks including:

- License obligations;
- Funding requirements;
- Political and legal risks, including title to license, profit sharing and taxation;
- Exchange rate risk;
- Political risk;
- Financial risk management; and
- Geological and development risks.

The recoverability of exploration and evaluation assets is dependent on the discovery and successful development of economic reserves which is subject to a number of uncertainties including the ability to raise finance to develop future projects. Should this prove unsuccessful, the value included in the balance sheet would be written off as an impairment to the Statement of Comprehensive Income.

# Petrel Resources Plc

## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2023

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### 2. ACCOUNTING POLICIES (continued)

#### 2.12 Critical accounting judgements and key sources of estimation uncertainty (continued)

##### Going concern

The preparation of financial statements requires an assessment on the validity of the going concern assumption. The validity of the going concern concept is dependent on finance being available for the continuing working capital requirements of the Group and Company and finance for the development of the group's projects becoming available. Based on the assumptions that such finance would become available, the directors believe that the going concern basis is appropriate for these accounts. Should the going concern basis not be appropriate, adjustments would have to be made to reduce the value of the Group's assets, in particular the intangible assets, to their realizable values. Further information concerning going concern is outlined in Note 3.

##### Key sources of estimation uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. The nature of estimation means that actual outcomes could differ from those estimates. The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### Impairment of Intangible Assets

The assessment of intangible assets for any indication of impairment involves uncertainty. There is uncertainty as to whether the exploration activity will yield any economically viable discovery. Aspects of uncertainty surrounding the Group's intangible assets include the recoverability of the asset, which is dependent upon the discovery and successful development of economic reserves, ability to be awarded exploration licences and the ability to raise sufficient finance to develop the Group's projects. If the directors determine that an intangible asset is impaired, an allowance is recognised in the Statement of Comprehensive Income. Further information concerning the impairment of Intangible Assets is outlined in note 11.

### 3. GOING CONCERN

The Group incurred a loss for the financial year of €491,086 (2022: loss of €310,813) and had net current liabilities of €973,503 (2022: €689,811) at the balance sheet date. These conditions as well as those noted below, represent a material uncertainty that may cast significant doubt on the Group and Company's ability to continue as a going concern.

Included in current liabilities is an amount of €947,531 (2022: €857,531) owed to key management personnel in respect of remuneration due at the balance sheet date. Key management have confirmed that they will not seek settlement of these amounts in cash for a period of at least one year after the date of approval of the financial statements or until the Group has generated sufficient funds from its operations after paying its third party creditors.

The Group and Company had a cash balance of €35,667 (2022: €166,309) at the balance sheet date. The directors have prepared cashflow projections for a period of at least twelve months from the date of approval of these financial statements which indicate that additional finance will be required to fund working capital requirements and develop existing projects. As the Group is not revenue or cash generating it relies on raising capital from the public market.

In January 2024, the Group received £90,000 from the exercise of warrants. Further information is detailed in Note 24.

These conditions as well as those noted below, represent a material uncertainty that may cast significant doubt on the Group and Company's ability to continue as a going concern.

As in previous years the Directors have given careful consideration to the appropriateness of the going concern basis in the preparation of the financial statements and believe the going concern basis is appropriate for these financial statements. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

# Petrel Resources Plc

## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2023

#### 4. LOSS BEFORE TAXATION

The loss before taxation is stated after charging the following items:

##### Administrative expenses:

	2023	2022
	€	€
Professional fees	179,005	186,009
Staff costs – Directors and Secretary (Note 6)	90,000	90,000
Other administration expenses	35,448	34,804
	<u>304,453</u>	<u>310,813</u>

Details of auditor's and directors' remuneration are set out in Notes 5 and 6 respectively.

#### 5. AUDITOR'S REMUNERATION

Auditor's remuneration for work carried out for the Group and Company in respect of the financial year is as follows:

	2023	2022
	€	€
<b>Group</b>		
Audit of Group accounts	12,500	12,500
Other assurance services	2,000	2,015
Tax advisory services	2,000	2,750
<b>Total</b>	<u>16,500</u>	<u>17,265</u>
	2023	2022
	€	€
<b>Company</b>		
Audit of individual company accounts	12,500	12,500
Other assurance services	2,000	2,015
Tax advisory services	2,000	2,750
<b>Total</b>	<u>16,500</u>	<u>17,265</u>

# Petrel Resources Plc

## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2023

### 6. RELATED PARTY AND OTHER TRANSACTIONS

#### Group and Company

#### Directors' Remuneration

The remuneration of the directors is as follows:

	2023			2022		
	Fees: Services as director €	Fees: Other services €	Total €	Fees: Services as director €	Fees: Other services €	Total €
David Horgan	5,000	25,000	30,000	5,000	25,000	30,000
John Teeling	5,000	25,000	30,000	5,000	25,000	30,000
	<u>10,000</u>	<u>50,000</u>	<u>60,000</u>	<u>10,000</u>	<u>50,000</u>	<u>60,000</u>

The number of directors to whom retirement benefits are accruing is Nil. There were no entitlements to pension schemes or retirement benefits. Details of directors' interests in the shares of the company are set out in the Directors' Report.

Directors' remuneration accrued at financial year end 31 December 2023 was €652,460 (2022: €592,460).

#### Key management compensation

Key management personnel are David Horgan (Chairman), John Teeling (Director), and James Finn (Chief Financial Officer and Company Secretary). The total compensation expense comprising solely of short-term benefits in respect of key management personnel was as follows:

	2023 €	2022 €
Short-term employee benefits	<u>90,000</u>	<u>90,000</u>

Key management compensation accrued at financial year end 31 December 2023 was €947,531 (2022: €857,531).

#### Other

The Group and Company shares offices and overheads with a number of other companies also based at 162 Clontarf Road. These companies share some of the same key management personnel, who exercise control over these entities.

Transactions with these companies during the year are set out below:

	Botswana Diamonds Plc €	Clontarf Energy Plc €	Arkle Resources Plc €	Great Northern Distillery €	Total €
At 1 January 2022	-	-	-	-	-
Office and overhead costs recharged	(14,187)	35,951	(9,868)	(8,373)	3,523
Repayments	14,187	(18,044)	9,868	8,373	14,384
<b>At 31 December 2022</b>	<u>-</u>	<u>17,907</u>	<u>-</u>	<u>-</u>	<u>17,907</u>
Office and overhead costs recharged	(13,513)	9,951	(8,891)	(9,716)	(22,169)
Repayments	13,513	(27,858)	8,891	9,716	4,262
<b>At 31 December 2023</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Amounts due to and from the above companies are unsecured and repayable on demand.

# Petrel Resources Plc

## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2023

### 7. STAFF NUMBERS

The average number of persons employed by the Group (including directors and secretary) during the financial year was:

	2023	2022
Management and administration	3	3

Staff costs for the above persons were:

	€	€
Wages and salaries	90,000	90,000
Social welfare costs	-	-
Pension costs	-	-
	<b>90,000</b>	<b>90,000</b>

### 8. SEGMENTAL ANALYSIS

IFRS 8 requires operating segments to be identified on the basis of internal reports about the Group that are regularly reviewed by the chief operating decision maker. The Board is deemed the chief operating decision maker within the Group.

For management purposes, the Group has one class of business: oil exploration and development. This is analysed on a geographical basis.

#### Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment:

	Segment revenue 2023 €	Segment results 2023 €	Segment revenue 2022 €	Segment results 2022 €
Ghana	-	(186,633)	-	-
Unallocated head office	-	(304,453)	-	(310,813)
	<b>-</b>	<b>(491,086)</b>	<b>-</b>	<b>(310,813)</b>

#### 8.1 Segment assets and liabilities

	Assets 2023 €	Liabilities 2023 €	Assets 2022 €	Liabilities 2022 €
Group and Company				
Ghana	746,534	-	933,167	-
Iraq	-	-	-	-
Total continuing operations	<b>746,534</b>	<b>-</b>	<b>933,167</b>	<b>-</b>
Unallocated head office	<b>46,021</b>	<b>(1,019,524)</b>	<b>200,116</b>	<b>(889,927)</b>
	<b>792,555</b>	<b>(1,019,524)</b>	<b>1,133,283</b>	<b>(889,927)</b>

# Petrel Resources Plc

## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2023

### 9. INCOME TAX EXPENSE

#### Income tax recognised in profit or loss

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the Republic of Ireland applied to losses for the year are as follows:

	2023 €	2022 €
Loss for the year	<b>(491,086)</b>	(310,813)
Loss before income taxes	<b>(491,086)</b>	(310,813)
Tax using the Company's domestic tax rate of 12.5%	<b>(61,386)</b>	(38,852)
Deferred tax not recognised	<b>61,386</b>	38,852
Total tax expense	<b>-</b>	-

No corporation tax charge arises in the current or prior financial years due to losses brought forward.

At the balance sheet date, the Group had unused tax losses of €9,574,104 (2022: €9,083,018) which equates to a deferred tax asset of €1,196,764 (2022: €1,135,378).

No deferred tax asset has been recognised due to the unpredictability of the future profit streams. Losses may be carried forward indefinitely.

### 10. LOSS PER SHARE

Basic loss per share is computed by dividing the loss after taxation for the year attributable to ordinary shareholders by the weighted average number of ordinary shares in issue and ranking for dividend during the year. Diluted loss per share is computed by dividing the loss after taxation for the year by the weighted average number of ordinary shares in issue, adjusted for the effect of all dilutive potential ordinary shares that were outstanding during the year.

The following tables set out the computation for basic and diluted earnings per share (EPS):

	2023 €	2022 €
<b>Numerator</b>		
For basic and diluted EPS Loss after taxation	<b>(491,086)</b>	(310,813)
<b>Denominator</b>	<b>No.</b>	No.
For basic and diluted EPS	<b>177,899,197</b>	160,919,745
Basic EPS	<b>(0.28c)</b>	(0.19c)
Diluted EPS	<b>(0.28c)</b>	(0.19c)

Basic and diluted loss per share are the same as the effect of the outstanding share options and warrants is anti-dilutive.

# Petrel Resources Plc

## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2023

### 11. INTANGIBLE ASSETS

	<b>Group 2023</b>	Group 2022	<b>Company 2023</b>	Company 2022
	€	€	€	€
<b>Exploration and evaluation assets:</b>				
<b>Cost:</b>				
At 1 January	<b>933,167</b>	933,167	<b>921,930</b>	921,930
Additions	–	–	–	–
Impairment	<b>(186,633)</b>	–	<b>(175,396)</b>	–
<b>At 31 December</b>	<b>746,534</b>	933,167	<b>746,534</b>	921,930
<b>Carrying amount:</b>				
At 31 December	<b>746,534</b>	933,167	<b>746,534</b>	921,930

#### Segmental analysis

	<b>Group 2023</b>	Group 2022	<b>Company 2023</b>	Company 2022
	€	€	€	€
Ghana	<b>746,534</b>	933,167	<b>746,534</b>	921,930
Iraq	–	–	–	–
	<b>746,534</b>	933,167	<b>746,534</b>	921,930

Exploration and evaluation assets relate to expenditure incurred in exploration in Ghana. The directors are aware that by its nature there is an inherent uncertainty in Exploration and evaluation assets and therefore inherent uncertainty in relation to the carrying value of capitalized exploration and evaluation assets.

During 2018 the Group resolved the outstanding issues with the Ghana National Petroleum Company (GNPC) regarding a contract for the development of the Tano 2A Block. The Group has signed a Petroleum Agreement in relation to the block and this agreement awaits ratification by the Ghanaian government.

As ratification has not yet been achieved in the current year the directors, as a matter of prudence, opted to write down 20% of the carrying value of the Tano 2A Block historic expenditure. Accordingly, an impairment charge of €186,633 was recorded in the current year.

Relating to the remaining exploration and evaluation assets at the financial year end, the directors believe there were no facts or circumstances indicating that the carrying value of the intangible assets may exceed their recoverable amount and thus no impairment review was deemed necessary by the directors. The realisation of these intangible assets is dependent on the successful discovery and development of economic reserves and is subject to a number of significant potential risks, as set out in Note 2.

# Petrel Resources Plc

## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2023

### 12. INVESTMENT IN SUBSIDIARIES

<b>Company</b>	<b>2023</b>	2022
	€	€
At beginning of the financial year	<b>15,019</b>	15,019
Additions	-	-
Impairment	<b>(15,019)</b>	-
At end of the financial year	<u>-</u>	<u>15,019</u>

As at 31 December 2023, the directors having reviewed the investments in subsidiaries decided to impair the total amount in full as the subsidiaries are currently dormant. Accordingly, an impairment charge of €15,019 was recorded in the current year.

The Group consisted of the parent company and the following wholly owned subsidiaries as at 31 December 2023:

<b>Name of subsidiary</b>	<b>Registered Office</b>	<b>Total allotted Capital</b>	<b>Group share</b>	<b>Nature of business</b>
Petrel Industries Limited	162 Clontarf Road, Dublin 3, Ireland	12 Ordinary shares of €1.269738 each	100%	Dormant
Petrel Resources of the Middle East Offshore S.A.L.	Damascus, Lebanon	2,000 Ordinary shares of US\$10 each	100%	Dormant
Petrel Resources (TCI) Limited	Duke Street, Grand Turk, Turks & Caicos Island	5,000 Ordinary shares of US\$1 each	100%	Holding
Pan Andean Resources Limited	Accra, Ghana	15,000 Ordinary shares of GHC1 each	30%	Dormant

### 13. OTHER RECEIVABLES

	<b>Group 2023</b>	Group 2022	<b>Company 2023</b>	Company 2022
	€	€	€	€
VAT refund due	<b>10,354</b>	<b>12,118</b>	<b>10,353</b>	12,118
Prepayments	-	<b>3,782</b>	-	-
Related parties (Note 6)	-	<b>17,907</b>	-	17,907
	<u><b>10,354</b></u>	<u><b>33,807</b></u>	<u><b>10,353</b></u>	<u>30,025</u>

### 14. CASH AND CASH EQUIVALENT

	<b>Group 2023</b>	Group 2022	<b>Company 2023</b>	Company 2022
	€	€	€	€
Cash and cash equivalents	<u><b>35,667</b></u>	166,309	<u><b>35,667</b></u>	166,309

The fair value for cash and cash equivalents is €35,667 (2022: €166,309) for the Group and for the Company.

# Petrel Resources Plc

## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2023

### 15. OTHER PAYABLES

	<b>Group</b>	Group	<b>Company</b>	Company
	<b>2023</b>	2022	<b>2023</b>	2022
	€	€	€	€
Amounts due to key personnel (Note 6)	<b>947,531</b>	857,531	<b>947,531</b>	857,531
Accruals	<b>16,500</b>	12,000	<b>16,500</b>	12,000
Other payables	<b>55,493</b>	20,396	<b>55,493</b>	20,396
	<b>1,019,524</b>	889,927	<b>1,019,524</b>	889,927

It is the Group's normal practice to agree terms of transactions, including payment terms, with suppliers. It is the Group's policy that payments are made between 30 – 45 days and suppliers are required to perform in accordance with the agreed terms. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

Key management personnel have confirmed that they will not seek settlement in cash of the amounts due to them in relation to remuneration for a period of at least one year after the date of approval of the financial statements or until the Group has generated sufficient funds from its operations after paying its third-party creditors.

### 16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's financial instruments comprise cash balances, investments and various other items such as other payables which arise directly from operations. The main purpose of these financial instruments is to provide working capital to finance Group operations.

The Group undertakes certain transactions denominated in foreign currencies. Hence exposures to exchange rate fluctuations arise.

The Group and Company holds cash as a liquid resource to fund the obligations of the Group. The Group's cash balances are held in Euro, British Pound Sterling and in US dollar.

The Group and Company have a policy of not hedging due to no significant dealings in currencies other than euro and dollar and therefore takes market rates in respect of foreign exchange risk; however, it does review its currency exposures on an ad hoc basis.

The Group and Company has relied upon equity funding to finance operations. The directors are confident that adequate cash resources exist to finance operations for future exploration, but expenditure is carefully managed and controlled.

The Group and Company do not enter into any derivative transactions, and it is the Group's policy that no trading in financial instruments shall be undertaken. The main financial risk arising from the Group's financial instruments is currency risk.

The Board reviews and agrees policies for managing financial risks and they are summarised below.

#### Interest rate risk profile of financial assets and financial liabilities

The Group finances its operations through the issue of equity shares and had no exposure to interest rate agreements at the financial year end date.

The Group has no outstanding bank borrowings at the year end. New projects and acquisitions are financed by a combination of existing cash surpluses and through funds raised from equity share issues. The Group may use project finance in the future to finance exploration and development costs on existing licenses.

# Petrel Resources Plc

## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2023

### 16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

#### Liquidity risk

As regards liquidity, the Group's policy is to ensure continuity of funding primarily through fresh issues of shares. Short term funding is achieved through utilizing and optimising the management of working capital. All financial liabilities are due within 1 year from the year end. Based on cashflow projections for a period of at least 12 months from the date of this report the directors are confident that adequate cash resources exist to finance operations in the short term, including exploration and development expenditure.

#### Foreign currency risk

In the normal course of business, the Group enters into transactions denominated in foreign currencies (Sterling and Euro). As a result, the Group is subject to exposure from fluctuations in foreign currency exchange rates; however it does review its currency exposures on an ad hoc basis.

The carrying amounts of the Group and Company foreign currency denominated monetary assets and monetary liabilities at the reporting dates are as follows:

	<b>Assets</b>	Assets	<b>Liabilities</b>	Liabilities
	<b>2023</b>	2022	<b>2023</b>	2022
	€	€	€	€
Sterling	<b>29,219</b>	147,473	<b>21,359</b>	3,766
US Dollars	<b>796</b>	504	<b>6,794</b>	6,988

#### Credit risk

Credit risk arises from cash and cash equivalents.

The maximum credit exposure of the Group and Company at 31 December 2023 amounted to €35,667 relating to cash and cash equivalents. The directors believe there is limited exposure to credit risk on the Group and Company's cash and cash equivalents as they are held with major financial institutions. The Group manages its credit risk in cash and cash equivalents by holding surplus funds in high credit worthy financial institutions and maintains minimum balances with financial institutions in remote locations. Given the nature of the Group's business significant amounts are required to be invested in exploration and evaluation activities at various locations. The directors manage this risk by reviewing expenditure plans and budgets in relation to projects before any monies are advanced to subsidiary undertakings in respect of those projects. The maximum credit loss exposure to the Group at 31 December 2023 amounted to €Nil. This review ensures that any expenditure is value enhancing and as a result the recovery of amounts receivable is subject to successful discovery and development of economic reserves.

#### Capital Management

The primary objective when managing capital is to safeguard the ability of the Group to continue of as a going concern in order to support its business and maximise shareholder value. The capital structure of the Group consists of issued share capital, share premium and reserves.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The Group does not hold any external debt and is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the years ended 31 December 2022 and 31 December 2023. The Group's only capital requirement is its authorised minimum capital as a plc. The Companies Act 2014 specifies that the authorised minimum is €25,000 with 25% paid up.

# Petrel Resources Plc

## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2023

### 17. SHARE CAPITAL

	2023 Number	2023 €	2022 Number	2022 €
<b>Authorised</b>				
Ordinary shares of €0.0125 each	<b>800,000,000</b>	<b>10,000,000</b>	800,000,000	10,000,000

#### Ordinary Shares – nominal value of €0.0125 Allotted, called-up and fully paid:

	Number	Share Capital €	Share Premium €
At 1 January 2022	157,038,467	1,962,981	21,786,011
Issued during the year	20,833,333	260,417	25,509
At 31 December 2022	177,871,800	2,223,398	21,811,520
Issued during the year	<b>1,000,000</b>	<b>12,500</b>	<b>8,261</b>
<b>At 31 December 2023</b>	<b>178,871,800</b>	<b>2,235,898</b>	<b>21,819,781</b>

On 24 October 2022 a total of 20,833,333 shares were placed at a price of 1.2 pence per share. Proceeds were used to provide additional working capital and fund development costs. For each share subscribed for, the investors also received one warrant to subscribe for an additional ordinary share at a price of 1.8p per share for a period of 2 years.

On 21 December 2023 a total of 1,000,000 warrants were exercised at a price of 1.8p per warrant.

### 18. SHARE BASED PAYMENT

The Group issues equity-settled share-based payments to certain directors and individuals who have performed services for the Group. Equity-settled share-based payments are measured at fair value at the date of grant. Fair value is measured by the use of a Black-Scholes valuation model.

#### Options

The Group plan provides for a grant price equal to the average quoted market price of the ordinary shares on the date of grant. The options vest immediately.

The options outstanding as at 31 December 2023 have a weighted average remaining contractual life of 4 years.

	31 December 2023		31 December 2022	
	Options	Weighted average exercise price in pence	Options	Weighted average exercise price in pence
Outstanding at beginning of year	500,000	10.50	500,000	10.50
Granted during the year	–	–	–	–
Outstanding at end of year	<b>500,000</b>	<b>10.50</b>	500,000	10.50

# Petrel Resources Plc

## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2023

### 18. SHARE BASED PAYMENT (continued)

#### Warrants

	31 December 2023		31 December 2022	
	Warrants	Weighted average exercise price in pence	Warrants	Weighted average exercise price in pence
Outstanding at beginning of year	20,833,333	1.8	–	–
Issued	–	–	20,833,333	1.8
Exercised	(1,000,000)	1.8	–	–
Outstanding at end of year	<u>19,833,333</u>	<u>1.8</u>	<u>20,833,333</u>	<u>1.8</u>

On 21 December 2023 a total of 1,000,000 warrants were issued at an exercise price of 1.8p per warrant. Further information is detailed in note 17 above.

### 19. OTHER RESERVES

	Capital Redemption Reserve €	Capital Conversion Reserve Fund €	Share Based Payment Reserve €
Balance at 1 January 2022	209,342	7,694	156,494
Movement during the year	–	–	–
Balance at 31 December 2022	209,342	7,694	156,494
<b>Movement during the year</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Balance at 31 December 2023</b>	<b><u>209,342</u></b>	<b><u>7,694</u></b>	<b><u>156,494</u></b>

#### **Capital redemption reserve**

The Capital redemption reserve reflects nominal value of shares cancelled by the Company.

#### **Capital conversion reserve fund**

The ordinary shares of the company were re-nominalised from €0.0126774 each to €0.0125 each in 2001 and the amount by which the issued share capital of the company was reduced was transferred to the capital conversion reserve fund.

#### **Share Based Payment Reserve**

The share-based payment reserve arises on the grant of share options under the share option plan. Share options expired are reallocated from the share-based payment reserve to retained deficit at their grant date fair value.

# Petrel Resources Plc

## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2023

### 20. RETAINED DEFICIT

	Group and Company	
	2023	2022
	€	€
Opening Balance	(24,035,469)	(23,724,656)
Profit/(Loss) for the year	(491,086)	(310,813)
Closing Balance	(24,526,555)	(24,035,469)

#### **Retained deficit**

Retained deficit comprises of losses incurred in the current and prior years.

### 21. LOSS ATTRIBUTABLE TO PETREL RESOURCES PLC

In accordance with Section 304 of the Companies Act 2014, the company is availing of the exemption from presenting its individual profit and loss account to the Annual General Meeting and from filing it with the Registrar of Companies. The loss for the financial year in the parent company was €491,086 (2022: €310,813).

### 22. CAPITAL COMMITMENTS

There is no capital expenditure authorised or contracted for which is not provided for in these accounts.

### 23. CONTINGENT LIABILITIES

There are no contingent liabilities (2022: €Nil).

### 24. POST BALANCE SHEET EVENTS

Between 3 and 5 January 2024 a total of £90,000 was received from the exercise of 5,000,000 warrants by warrants holders at the exercise price of 1.8p per share.

# Petrel Resources Plc

## Notices of Annual General Meeting

### For the Year Ended 31 December 2023

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Notice is hereby given that an Annual General Meeting of Petrel Resources plc will be held on 25 July 2024 at the Rui Plaza The Gresham, 23 O'Connell Street Upper, North City Dublin, D1 C3W7 at 12.00 pm for the following purposes:

#### ORDINARY BUSINESS

1. To receive and consider the Director's Report, Audited Accounts and Auditor's Report for the year ended 31 December 2023.
2. To re-elect Director: David Horgan retires in accordance with Article 95 and seeks re-election.
3. To appoint Azets Audit Services Ireland as auditors and to authorise the Directors to fix their remuneration.
4. To transact any other ordinary business of an annual general meeting.

#### For Consideration

To consider in accordance with section 1111 Companies Act 2014 whether any, and if so what, steps should be taken to deal with the situation that the net assets of the Company are less than half its called-up share capital.

By order of the Board:

James Finn  
Secretary

Registered Office: 162 Clontarf Road, Dublin 3.

21 June 2024

#### Notes:

- a. Any shareholder of the Company entitled to attend and vote may appoint another person (whether a member or not) as his/her proxy to attend, speak and on his/her behalf. For this purpose a form of proxy is enclosed with this Notice. A proxy need not be a shareholder of the Company. Lodgement of the form of proxy will not prevent the shareholder from attending and voting at the meeting.
- b. Only shareholders, proxies and authorised representatives of corporations, which are shareholders, are entitled to attend the meeting.
- c. To be valid, the form of proxy and, if relevant, the power of attorney under which it is signed, or a certified copy of that power of attorney, must be received by the Company's share registrar, Computershare Investor Services (Ireland), 3100 Lake Drive, Citywest Business Campus, Dublin 24, D24 AK82 at not less than 48 hours prior to the time appointed for the meeting.
- d. In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of member of the Company in respect of the joint holding.
- e. The Company, pursuant to Section 1095 of the Companies Act 2014 and regulation 14 of the Companies Act 1990 (Uncertificated Securities) Regulation 1996 (as amended) specifies that only those shareholders registered in the Register of Member of the Company (the "Register") at the close of business on the day which is four days before the date of the Meeting, (or in the case of an adjournment at the close of business on the day which is four days prior to the adjourned Meeting), shall be entitled to attend and vote at the Meeting or any adjournment thereof in respect only of the number of shares registered in their name at that date.
- f. Subject to the articles of association of the Company and provided it is received not less than 48 hours before the time appointed for the holding of the AGM or adjourned AGM or (in the case of a poll taken otherwise than at or on the same day as the AGM or adjourned AGM) at least 48 hours before the taking of the poll at which it is to be used, the appointment of a proxy by a Shareholder may be submitted electronically, subject to the terms and conditions of electronic voting, via the internet by accessing the Company's Registrar's website [www.eproxyappointment.com](http://www.eproxyappointment.com). You will need your control number, shareholder reference number and your PIN number, which can be found on your Form of Proxy.

Electronic proxy voting by Euroclear Nominees Limited in respect of the ordinary shares registered in the name of Euroclear Nominees Limited as nominee for Euroclear Bank SA/NV ("Euroclear Bank") may also occur through the use of a secured mechanism to exchange electronic messages as agreed by the Company with Euroclear Bank.

- g. Persons who hold their interests in ordinary shares of the Company as Belgian law rights through the Euroclear system (either directly or indirectly, including through a custodian) or as CREST depository interests through the CREST system, should consult with their stockbroker, custodian or other intermediary at the earliest opportunity for further information on the processes and timelines for submitting proxy voting instructions for the AGM through the respective systems.

# Petrel Resources Plc

## Notices of Annual General Meeting

For the Year Ended 31 December 2023

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### Voting Instructions

#### Proxy voting

Those Shareholders unable to attend the Meeting may appoint a proxy. For Shareholders whose name appears in the register of members of the Company at the record date, your proxy may be submitted by post by completing the enclosed Form of Proxy and returning it to the Company's Registrar, Computershare Investor Services (Ireland) Limited, 3100 Lake Drive, Citywest Business Campus, Dublin 24, D24 AK82, Ireland. Your proxy may also be submitted through Computershare's voting website [www.eproxyappointment.com](http://www.eproxyappointment.com), instructions on how to do this are set out on the Form of Proxy.

Electronic proxy voting by Euroclear Nominees Limited as nominee for Euroclear Bank SA/NV ("Euroclear Bank" or "EB") in respect of the ordinary shares registered in the name of Euroclear Nominees Limited may also occur through the use of a secured mechanism to exchange electronic messages (as agreed by the Company with Euroclear Bank).

#### **Deadlines for receipt by the Company of proxy voting instructions**

All proxy votes must be received by the Company's Registrar not less than 48 hours before the time appointed for the Meeting or any adjournment of the Meeting. However, persons holding through the Euroclear Bank or (via a holding of CREST depository interests ("CDIs")) CREST systems will also need to comply with any additional voting deadlines imposed by the respective service offerings. All persons affected are recommended to consult with their stockbroker or other intermediary at the earliest opportunity.

The submission of a proxy will not prevent members attending and voting at the Meeting should you wish to do so. We are encouraging Shareholders to submit their votes on the resolutions in advance of the meeting through the appointment of a proxy. For voting services offered by custodians holding Irish corporate securities directly with Euroclear Bank, please contact your custodian.

The following information for EB Participants and holders of CDIs is based on the information available to the Company as at the date of this document.

#### **Further information for EB Participants**

Participants in the Euroclear system ("EB Participants") can submit proxy appointments (including voting instructions) electronically in the manner described in the document issued by Euroclear Bank in February 2023 and entitled "Euroclear Bank as issuer CSD for Irish corporate securities" (the "EB Services Descriptions"). EB Participants can either send:

- electronic voting instructions to instruct Euroclear Nominees Limited (as sole registered shareholder of all ordinary shares held through the Euroclear system) ("Euroclear Nominees") (or to appoint the chairman of the meeting as proxy) to:
- vote in favour of all or a specific resolution(s);
- vote against all or a specific resolution(s);
- abstain from all or a specific resolution(s); or
- give a discretionary vote to the chairman in respect of one or more of the resolutions being put to a shareholder vote; or
- a proxy voting instruction to appoint a third party (other than Euroclear Nominees/the chairman of the meeting) to attend the meeting and vote for the number of ordinary shares specified in the proxy voting instruction.

Euroclear Bank will, wherever practical, aim to have a voting instruction deadline of one (1) hour prior to the Company's proxy appointment deadline (being 48 hours before the relevant meeting).

Voting instructions cannot be changed or cancelled after Euroclear Bank's voting deadline. There is no facility to offer a letter of representation/appoint a corporate representative other than through the submission of third-party proxy appointment instructions.

EB Participants are strongly encouraged to familiarise themselves with the new arrangements with Euroclear Bank, including the new voting deadlines and procedures.

# Petrel Resources Plc

## Notices of Annual General Meeting

For the Year Ended 31 December 2023

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### **Further information for CREST members with holdings of CDIs**

Euroclear UK & Ireland Limited (“EUI”), the operator of the CREST system has arranged for voting instructions relating to the CDIs held in CREST to be received via a third-party service provider, Broadridge Financial Solutions Limited (“Broadridge”). Further details on this service are set out on the “All you need to know about SRD II in Euroclear UK & Ireland” webpage (see section CREST International Service – Proxy voting). CREST members can complete and submit proxy appointments (including voting instructions) electronically through Broadridge.

If you hold CDIs you will be required to make use of the Euroclear UK & Ireland proxy voting service facilitated on EUI’s behalf by Broadridge Global Proxy Voting service in order to receive meeting announcements and send back voting instructions as required.

To facilitate client set up, if you hold CDIs and wish to participate in the proxy voting service, you will need to complete the following documentation: Meetings and Voting Client Set-up Form (CRT408).

Completed application forms should be returned to EUI by an authorised signatory with another relevant authorised signatory copied in for verification purposes using the following email address: [eui.srd2@euroclear.com](mailto:eui.srd2@euroclear.com)

Fully completed and returned applications forms will be shared with Broadridge by EUI. This will enable Broadridge to contact you and share further detailed information on the service offering and initiate the process for granting your access to the Broadridge platform. The voting service will process and deliver proxy voting instructions received from CREST members on the Broadridge voting deadline date to Euroclear Bank, by its cut-off and to agreed market requirements. The same voting options as described above for EB Participants will be available (i.e. electronic votes by means of chairman proxy appointments or appointing a third-party proxy).

Broadridge’s voting deadline will be earlier than Euroclear Bank’s voting instruction deadline as set out above. Broadridge will use best endeavours to accept late votes, changes and cancellations from a CDI holder after the voting deadline but there is no guarantee that these will be processed within the requisite timeframes. There is no facility to offer a letter of representation/ appoint a corporate representative other than through the submission of third-party proxy appointment instructions.

CREST members with holdings of CDIs are strongly encouraged to familiarise themselves with the arrangements with Broadridge, including the voting deadlines and procedures and to take, as soon as possible, any further actions required by Broadridge before they can avail of this voting service.



# Petrel Resources Plc

## Company Information

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<b>Directors</b>	David Horgan (Chairman) John Teeling
<b>Company secretary</b>	James Finn
<b>Registered office</b>	162 Clontarf Road Dublin 3 Ireland
<b>Independent auditors</b>	Azets Audit Services Ireland Limited 3rd Floor 40 Mespil Road Dublin 04 Ireland
<b>Solicitors</b>	Philip Lee Solicitors Connaught House One Burlington Road Dublin 4 Ireland
<b>Bankers</b>	Barclays Bank Ireland plc Two Park Place Hatch Street Upper Dublin 2 Ireland
<b>Nominated &amp; financial advisor</b>	Strand Hanson Limited 26 Mount Row Mayfair London, W1K 3SQ United Kingdom
<b>Broker</b>	Novum Securities Limited 8-10 Grosvenor Gardens London, SW1W 0DH United Kingdom
<b>Registrars</b>	Computershare Investor Services (Ireland) Limited 3100 Lake Drive Citywest Business Campus Dublin 24 D24 AK82
<b>Registered number</b>	92622



**Corporate Office:**  
162 Clontarf Road, Dublin 3, Ireland,  
Tel: +353 (0)1 833 2833  
Fax: +353 (0)1 833 3505  
Company Registration Number: 92622

**[www.petrelresources.com](http://www.petrelresources.com)**