



Annual Report 2022-2023

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Officers and Advisers

Directors

Richard Herbert (Chief Executive Officer, appointed 13 March 2023)

George Lucan (Executive Chairman, resigned 14 August 2023)

Patrick Clanwilliam (Non-Executive Chairman)

Carlos Fernandes (Finance Director)

Andrew Hollis (Technical Director resigned, 27 September 2023)

Cameron Buchanan (Non-Executive Director, resigned 4 October 2022)

Paul Forrest (Non-Executive Director)

Krzysztof Zielicki (Non-Executive Director)

Secretary

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Registrars

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W1W 8DH

Chairman's statement

Dear Fellow Shareholders,

It is my pleasure to present you with the Annual Report of Angus Energy plc (the "Company" or "Angus Energy") with its subsidiary undertakings (the "Group") for the year ended 30 September 2023.

The Company has enjoyed a full year of steady gas production. Operationally the team have been extremely busy with the successful completion and commissioning of the B7 well along with the installation of the permanent flowline.

Another milestone was achieved post year-end with the successful closing of the £20m senior secured loan facility provided by Trafigura PTE Ltd, with the funds used to restructure the Company's existing debt and provide funds for future development projects. To that end we will no doubt have another busy year ahead. The team have completed a structural re mapping of the Saltfleetby subsurface which will enable the development of a detailed geological model to identify new drilling targets. Geologically the Saltfleetby gas field also has great gas storage potential.

Energy security is high on the Governments agenda, and we will continue to work with all stakeholders to assess the viability of storage opportunities either now or at the end of field life. The Company will focus on resuming production from its oil assets.

Financial and Statutory Information

Revenue from oil and gas production during the year is £28.208m (2022: £3.142m) on production of a gross 31,750 bbls of oil and 25,228,853 Therms of natural gas (2022: 1,378 bbls of oil and 1,273,994 therms of natural gas). This was the result of production from the Saltfleetby Gas Field.

The Group recorded a profit of £117.810m, which included a derivative profit of £136.966m in relation to the derivative instrument and an impairment of £3.717m. EBITDA for the period was £17.002m (2022: loss of £0.869m). The Group recorded an Operating profit of £4.794m and adjusted for the derivative financial instrument profit, realized derivative costs and finance costs during the period, resulted in an adjusted operating loss of £19.156m (2022: loss of £1.638m). The derivative profit is based on future production and calculated using forward gas prices as at 30 September 2023. The derivative will be realised to a profit or loss when the payments under the derivative instruments become due (see note 25).

The Company has continued to make a conscious effort to cut costs at both corporate and operational levels while still maintaining a high level of professionalism and operatorship. In line with starting gas production the administrative costs have increased by £0.287m to £2.906m (2022: £2.619m).

Chairman's Statement

Outlook

With gas production at Saltfleetby increasing the Company looks forward to positive cashflows for the year ahead.

The Board will focus on maximising the potential from our existing portfolio, including its storage potential and accelerate its evaluation of new projects to complement production from Saltfleetby.

Patrick Clanwilliam

Chairman

18 March 2024

Operating Review

With our first full year of production from the Saltfleetby Gas Field I am pleased to report that all operations were performed without any safety incidents or environmental damage. The Group produced 25,228,853 Therms of natural gas and 31,750 bbls of condensate oil during the period from its Saltfleetby Gas Field. The performance of the reservoir and the three producing wells (A4, B2 and B7) have been modelled and well performance has been optimised to deliver quarterly production targets with all quarterly production targets met during 2023.

For the period, operational efficiency was 90% including June and August planned shutdowns for the delivery of safety critical and regulatory driven maintenance, compressor and engine maintenance work, and gas export metering maintenance work.

In October 2023 Angus announced the publication of an updated independent Competent Persons Report ("CPR") for its Saltfleetby Gas Field ("SGF") conducted by Oilfields International Limited. The summary of the results which includes resources and reserves for both sales gas and associated liquids is summarised below:

Saltfleetby Field Net Reserves and Contingent Resource as at August 1, 2023	1P	2P	2C
Sales Gas (Bcf)	22	25	17
Sales Liquids (Mstb)	332	415	238
Total (Mboe)	4,194	4,760	3,204

*Energy equivalent factor 5,800 cubic feet of per boe

The new CPR has taken account of production performance from 3 wells currently on production and the addition of two further development wells in the Main Westphalian reservoir, SF9 and SF10, which are scheduled to enter production in January 2025 and January 2026 respectively.

The CPR also gives the net present value of the cash flows from SGF, including the impact from the revised capex from additional drilling, projected impact of the Energy Profits Levy, the senior loan facility debt service costs, the associated royalties and the mandatory hedging. Oilfield International Limited has used a discount rate of 10%.

We highlight below the NCF and NPV10, discounted to August 1st, 2023: Net Attributable to the Company:

Scenario	Net Cash Flow Attributable to the Company		NPV10 Attributable to the Company	
	1P	2P	1P	2P
Pre-Tax	£125.4m	£153.5m	£86.9m	£104.1m
Post-Tax	£78.9m	£90.6m	£57.1m	£64.3m

MOD: money of the day

Strategic Report

The full CPR is available for download in the "Presentations" section of the Company's website (www.angusenergy.co.uk/media/presentations).

Under the heading "Review of activities" below we provide a more in-depth summary of operational activities. I will reiterate that our first concern as a Group must be for the safety of our staff, contractors, the public at large and the environment on which we rely on. We will continue to work in close co-operation with all of our regulators, ensuring a spotless record of compliance – the North Sea Transition Authority ("NSTA"), the Environment Agency ("EA") the Health and Safety Executive ("HSE") and our local councils.

Business Review

The principal activity of the Group during the year continued to be on-shore, conventional production and development of hydrocarbons in the UK.

Review of activities

Saltfleetby

Dual compressor operation was implemented in early May 2023, and aligned to the commissioning of the new B7 well with its temporary flowline and temporary separator vessel. The first full day of dual compressor operation saw production on the 11th of May 2023 at an export rate of 104,172 Therms of energy, and a gas flowrate of 268,279 standard cubic meters, equivalent to a gas flow rate of 9.5 million standard cubic feet per day.

The opportunity was taken during the planned shutdowns to implement equipment design improvements including the debottlenecking of the condensate stabilisation unit and the reconfiguration of B7 fluids temporary processing equipment to reduce waste streams and their associated disposal costs from August onwards. All planned shutdowns were completed within approved budgets and ahead of planned schedules without incident or injury and with no harm to the environment.

The B7 well permanent flowline design and construction progressed during Q3 - Q4 2023 with final commissioning on the 3rd of November 2023. The project was completed within the approved budget and without incident or injury and with no harm to the environment.

During the year the Company commissioned a third-party exercise to remap the subsurface structure of the producing Westphalian Sandstone and underlying Namurian reservoir at the Saltfleetby Gas Field. This subsurface work gives us a better understanding of the subsurface structure and will be utilised in future development opportunities, including the 2 planned development wells, and gas storage.

The Company met all its obligations under its hedging programme. Monthly hedged volumes are currently set at 1,500,000 Therms per month, reducing to 1,250,000 Therms per month in July 2024. As previously announced, the Hedged limits were set at circa 50% of our estimated gas production leaving the Company with enough headroom to comfortably meet the requirements under the Hedge whilst still enjoying unhedged production.

Gas Storage

As part of the wider co-operation between Trafigura and Angus, the Company signed an MOU post year-end to leverage our complementary capabilities and collaborate on an underground gas storage facility in the UK, for natural gas, CO₂ or hydrogen. Along with the structural remapping of the Saltfleetby reservoir the Company has also started discussions with Europe's leading gas storage consultants about a pre-feasibility study on the Saltfleetby Gas Storage potential.

The Memorandum sets out the terms, and a model for co-operation, under which Trafigura and Angus intend to review technical and commercial feasibility of storage at Saltfleetby and agree commercial terms and schedule for a future storage project. Specifically, it is envisaged Trafigura would act as initial customer or offtaker of a proportion of the stored product subject to specifications as to quality.

Within 12 months of the date of this Memorandum, Trafigura and Angus will agree and set out specific milestones, subject to technical and commercial feasibility required to establish a gas storage facility at Saltfleetby.

Brockham

The Group continued with its plan to obtain commercial value from the licence by resuming production from the Portland reservoir. With both the Environment Agency approval to re-inject formation water and the NSTA's approval of the Field Development Plan the Company completed remedial works onsite in preparation for production. During these operations a pressure test was conducted on the BRX2Y well which confirmed communication between the tubing and the annulus.

The Company prepared a workover program to replace the tubing before re-starting production, with the work slated to commence in Q2 2024. Once this is complete, the Company will focus its attentions on BRX-4Z, by isolating the Kimmeridge and Portland re-completion.

Balcombe

Following the initial 7 day well test in the Autumn of 2018, a planning application was submitted in late 2019 for a longer 3 year well test on the Balcombe 2Z well. The aim of the planned operation is to recover remaining drilling fluids to prepare the well for an extended well test. A long term extended well test will indicate to what degree the well and field can produce hydrocarbons at a commercial rate.

However, in early 2020 the planning officer recommended the application for refusal and the company withdrew the application before committee stage. A revised application for 12 months extended well test was then submitted to WSCC, including a wealth of information on socio economic benefits and the projects' alignment with the public interest case for oil in terms of energy security and benefit to the national economy from indigenous production.

The Planning Officer recommended the application for approval, but despite this the Planning Committee Meeting held on Tuesday 2 March 2021 decided against the application. They refused the application on the grounds that there are no exceptional circumstances, and that it is not in the public interest for the development to continue in the area and was this in contrary to clauses in both the West Sussex and National Planning Policy Framework.

Angus strongly disagreed with their opinion and an application to appeal had been submitted. Amongst other things, the appeal references the local and national planning policies referred to by the Planning Committee and why both Angus and the Planning Officer believe the development is acceptable when it is considered against the development plan and any relevant material considerations. In summary the principle of the development has been previously accepted, the site selection represents the best environmental option and is safeguarded, energy Policy states that the domestic oil and gas industry has a critical role in maintaining the country's energy security and is a major contributor to our economy and minerals are given great weight with the extraction of hydrocarbons seen as central to the UK energy policy in the immediate and long-term future.

On 14 February 2023, our appeal against the decision by West Sussex County Council to refuse permission for an extended well test at the Balcombe oil site was upheld. The Planning Inspectorates decision was subsequently challenged in the High Court by a local residence group. In October 2023 the High Court upheld the Planning Inspectorates decision to grant the Company the right to test the existing well, which has now also been appealed. The Company now waits to hear whether their application had been successful and should know by April 2024.

Lidsey

Following the Company's analysis of the re-mapping of the Lidsey structure, the Company has decided, for the time being, not to continue with any further exploration at the site. Instead, it has focused its attention on re-starting production from the Lidsey X2 well, which has previously produced from the Jurassic Great Oolite Limestones.

Strategy and Sustainability

The Directors' objective remains unchanged, to create long-term value for shareholders by building the Group into a profitable energy production company with a reputation for technical excellence but with great cost discipline. The Director's will continue to focus on the UK onshore but do not rule out acquisitions overseas in jurisdictions where the rule of law is strong. We understand the energy requirements and infrastructure constraints, combined with a development plan based on fundamentals, can lead to sustainable and profitable opportunities for investors. As such we are constantly reviewing potential projects that will complement our existing core skills and portfolio of assets.

From the point of view of sustainability, the Directors are aligned with the national energy objectives and look forward with enthusiasm to the opportunities ahead in the common goal of net zero. Whilst we will continue to win a return from legacy oil fields, the long term preference remains for the acquisition of gas assets.

Global Environment and Stewardship

As a Group we do have duties of stewardship to the wider environment of which we are acutely aware. At Angus we realise there needs to be significant improvement in the Energy Mix and the transition begins with the proper operation of the existing energy assets and the responsible development of new ones. We understand hydrocarbons are still needed but must be produced to the highest ESG standards.

When it comes to our existing operations or evaluating potential new projects, we are always focused on creating the least possible impact to the environmental.

Local Environment

As a responsible North Sea Transition Authority (“NSTA”) approved and Environment Agency (“EA”) permitted UK operator, Angus Energy is committed to utilising industry best practices and achieving the highest standards of environmental management and safety. Our operations:

- Continuously assess and monitor environmental impact
- Promote internally and across our industry best practices for environmental management and safety
- Constant attention to maintaining our exemplary track record of safe oil and gas production

There were no reportable health and safety incidents during the year.

Community

Angus Energy seeks and maintains positive relationships with its local communities. We achieve this through our various forms of communication which include community liaison meetings, social media updates, RNS’s and Investor Q & A sessions.

In general, we are guided by the following principles:

- Open and honest dialogue
- Engagement with stakeholders at all stages of development
- Proactively address local concerns
- Actively minimise impact on our neighbours
- Adherence to a strict health and safety code of conduct

On 4 June 2018, the Group established the Bruce Watt Memorial Scholarship, a yearly scholarship fund of £10,000 per year to support students from Bognor Regis and the surrounding community to undertake further academic studies beyond secondary school. Currently there have been 10 recipients of the Scholarship award.

Section 172 Statement

Under Section 172, Directors have a duty to promote the success of the Company for the benefit of the members as a whole and, in doing so, they should have regard to specified areas that relates, by and large, to wider stakeholder interest. Further details of these areas have been enumerated in Stakeholders Engagement section on page 32.

Financial Review

The Group began the period with the following interests: 80% of Brockham (PL235), 80% of Lidsey (PL241), 25% of Balcombe (PEDL244) and 100% of Saltfleetby Gas Field (PEDL005) after acquisition of Saltfleetby Energy Limited on 23 May 2022.

The Group had a cash balance of £0.747m as at 30 September 2022.

During the period, the Company issued the following shares (please refer to note 17 for a detailed breakdown):

- 431,000,000 ordinary shares for cash, raising gross proceeds of £7.1m,
- 178,231,557 ordinary shares in relation to the exercise of Company Warrants,
- 145,293,100 ordinary shares in relation to the Conversion of the £1.4m Knowe Properties Limited Loan Note and accrued interest of £52,931,
- 60,606,061 ordinary shares in relation to the reduction of the deferred consideration owed to Forum Energy Services Ltd, and
- 47,465,050 ordinary shares relating to financing fees.

The Group had cash balance of £2.172m at the end of the reporting year.

The Group generated £28.208m revenue from oil and gas production during the year (2022: £3.142m).

The Group recorded a profit of £117.810m, which included a derivative profit of £136.966m in relation to the derivative instrument and an impairment of £3.717m. EBITDA for the period was £17.002m (2022: loss of £0.869m). The Group recorded an Operating profit of £4.794m and adjusted for the derivative financial instrument profit, realized derivative costs and finance costs during the period, resulted in an adjusted operating loss of £19.156m (2022: loss of £1.638m). The derivative profit is based on future production and calculated using forward gas prices as at 30 September 2023. The derivative will be realised to a profit or loss when the payments under the derivative instruments become due (see note 25).

The Group's overall financial objectives are to increase revenue, return to profitability and enhance the asset base supporting the business. In order to monitor its progress towards achieving these objectives, the Group has set a number of key performance indicators, which deal predominately with revenue, profitability, margin and cash flow as above.

Governance, Compliance and Shareholder Relations

Strategic Report

The Board consists of a Chief Executive Officer and Finance Director supervised by three experienced non-executive Directors. The Board meets regularly alongside with AIM Rules Committee, Remuneration Committee and Audit Committee meetings.

In general, the management structure is very flat. In total we have 28 employees, including management. The Company also relies on third party experienced contractors.

We have appointed three compliance officers to deal with all our regulators and planning authorities which are presently Surrey, Lincolnshire and West Sussex County Council, the NSTA, the Environment Agency and the Health & Safety Executive. Additionally, as a publicly listed company, we are answerable to the AIM Market Division and to the Financial Conduct Authority.

Compliance is an area which has grown more complicated and expensive in recent years and we expect it to get more so. Regulators are being more pro-active and pre-emptive, and we must anticipate their needs and expectations better than we have in the past. We should aim to maintain better dialogue with all regulators and planners and engage in more frequent use of pre-approval procedures where they are available.

Principal risks and uncertainties

Currency risks

The Group sells its produced crude oil and gas; oil is priced in US dollars and gas is priced in GBP, whilst the bulk of its costs are in GBP and therefore the Group's financial position and performance will be affected by fluctuations in the US dollar, sterling exchange rate along with fluctuations in the oil price. Accordingly, the value of such transactions may be adversely affected by changes in currency exchange rates, which may have a material adverse effect on the business, financial condition, results of operations and prospects of the Group. Management regularly reviews currency exposure with the aim of mitigating any downside exposure where possible.

Market risk

The demand for, and price of, oil and gas are highly dependent on a variety of factors beyond the Group's control. The continued marketing of the Group's oil and gas will be dependent on market fluctuations and the availability of processing and refining facilities and transportation infrastructure, including pipelines, access to roads, train lines and any other relevant options at economic tariff rates over which the Group may have limited or no control. Transport links (including roads and pipelines) may be inadequately maintained and subject to capacity constraints and economic tariff rates may be increased with little or no notice and without taking into account producer concerns. Producers of oil and gas negotiate sales contracts directly with oil and gas purchasers, with the result that the market determines the price of oil and gas. The price depends in part on oil and gas quality, prices of competing fuels, distance to market, the value of refined products and the supply/demand balance. The marketability and prices of oil and gas that may be discovered or acquired by the Group will be affected by numerous factors beyond its control. The Group has entered into commodity derivatives for its gas product to protect it from any downside market risk (see note 25 for further details).

Permitting risk

The Group exposed to the planning, environmental, licensing and other permitting risks associated with its operations particularly with development and exploration drilling operations.

The Group has to date been successful in obtaining the required permits to operate. Therefore, the Group considers that such risks are mitigated through compliance with regulations, proactive engagement with regulators, communities and the expertise and experience of the management team.

Reserve and resource estimates

No assurance can be given that hydrocarbon reserves and resources reported by the Group in the future are present as estimated, will be recovered at the rates estimated or that they can be brought into profitable production. Hydrocarbon reserve and resource estimates may require revisions and/or changes (either up or down) based on actual production experience and in light of the prevailing market price of oil and gas. A decline in the market price for oil and gas could render reserves uneconomic to recover and may ultimately result in a reclassification of reserves as resources. Unless stated otherwise, the hydrocarbon reserve and resources data relating to Lidsey and Brockham contained in the financial statements are taken from the Competent Person's Report, at the time of AIM admission on 14 November 2016 and the hydrocarbon reserve and resources data relating to Saltfleetby are taken from the Saltfleetby Competent Person's Report published in October 2023.

There are uncertainties inherent in estimating the quantity of reserves and resources and in projecting future rates of production, including factors beyond the Group's control. Estimating the amount of hydrocarbon reserves and resources is an interpretive process and, in addition, results of drilling, testing and production subsequent to the date of an estimate may result in material revisions to original estimates.

The hydrocarbon resources data extracted from the Competent Person's Report are estimates only and should not be construed as representing exact quantities. The nature of reserve quantification studies means that there can be no guarantee that estimates of quantities and quality of the resources disclosed will be available for extraction. Therefore, actual production, revenues, cash flows, royalties and development and operating expenditures may vary from these estimates. Such variances may be material. Reserves estimates are based on production data, prices, costs, ownership, geophysical, geological and engineering data, and other information assembled by the Group (which it may not necessarily have produced).

The estimates may prove to be incorrect and potential investors should not place reliance on the forward-looking statements (including data included in the Competent Person's Report or taken from the Competent Person's Report and whether expressed to have been certified by the Competent Person or otherwise) concerning the Group's reserves and resources or production levels. Hydrocarbon reserves and resources estimates are expressions of judgment based on knowledge, experience and industry practice. They are therefore imprecise and depend to some extent on interpretations, which may prove to be inaccurate.

Estimates that were reasonable when made may change significantly when new information from additional analysis and drilling becomes available.

This may result in alterations to development and production plans which may, in turn, adversely affect operations. If the assumptions upon which the estimates of the Group's hydrocarbon resources have been based prove to be incorrect, the Group (or the operator of an asset in which the Group has an interest) may be unable to recover and produce the estimated levels or quality of hydrocarbons set out in this document and the Group's business, prospects, financial condition or results of operations could be materially and adversely affected.

Events after the reporting period

The Group had a cash balance of £2.172m as of 30 September 2023 subsequent to the significant cash movements described during the reporting period.

On 30 October 2023, and previously announced on 28 September 23, Kemexon Ltd agreed to convert its £3m Junior Bridge Facility, together with interest and fees, into equity in the Company at a price of 0.66 pence per share. Accordingly, the Company issued 516,033,308 ordinary shares at 0.66 pence per share.

On 22 February 2024, the Company announced that terms had been agreed with a subsidiary of Trafigura Group PTE Ltd ("Trafigura ") for a refinancing of its existing debt. The Company signed definitive loan documentation which allows it to draw down in full on the £20 million loan facility (the "Facility") with Trafigura. The existing senior debt of £4.56 million was transferred to Trafigura and the proceeds of the Facility was applied to repay the bridge facility of £6 million, and £1.75 million of Forum Energy's deferred consideration from the sale of Saltfleetby Energy Limited's 49% interest in the Saltfleetby Field to Angus in 2022. The balance of funds from the Facility would be used to pay legacy creditors and invest in wells and equipment to increase gas production from Saltfleetby and restart oil production from the Brockham Field in Southern England.

On 6 March 2024, the Company issued 25,000,000 Ordinary Shares at 0.4 pence per share in relation to a £750,000 fee for structuring and assistance in securing the Trafigura £20 million Loan Facility. The total number of fee shares is 187,500,000. The balance to be issued after receiving additional authorities at the General Meeting on 14th March 2024.

Outlook

With the successful refinancing of the Company's debt and steady production at Saltfleetby, the Company looks forward to achieving positive operational cashflow. The Company will continue to explore further oil and gas opportunities and mature its storage project with the intention of not only creating shareholder value but also to address the urgent need for transition energy projects.

Approved by the Board of Directors and signed on behalf of the Board.

Richard Herbert
Chief Executive Officer
18 March 2024

Details of all our assets and operations can be found at www.angusenergy.co.uk

Corporate Governance Statement

The Directors recognise that good corporate governance is a key foundation for the long term success of the Group. The Company is listed on the AIM market of the London Stock Exchange and is subject to the continuing requirements of the AIM Rules. The Board has therefore adopted the principles set out in the Corporate Governance Code for small and mid-sized companies published by the Quoted Companies Alliance (“QCA Code”). The principles are listed below with an explanation of how the Company applies each principle, and the reasons for any aspect of non-compliance.

1. Establish a strategy and business model which promotes long-term value for shareholders

Angus Energy Plc provides shareholders with a full discussion of corporate strategy within our Annual Report. A dedicated section explains how we will establish long term shareholder value, as set out on page 9.

The Company is focused around 3 key strategic goals:

- increase production and recovery from its existing asset portfolio;
- grow the asset portfolio through select onshore development and appraisal projects;
- actively manage costs and risks through operational and management control of the entire process of exploring, appraising and developing its assets.

The Management team actively evaluates projects that simultaneously de-risk the current portfolio and create long term shareholder value. Projects are evaluated based on many characteristics to mitigate risk to our current activities. They include, but are not limited to, alignment with the Company’s core competencies, geography, time horizon and value creation. Further, a core component of the Company’s activities includes an active dialogue with our legal and legislative advisors to ensure the Company remains up to date on current legislation, policy and compliance issues.

The key challenges to the business and how they may be mitigated are detailed in the Strategic Report on pages 6 to 15.

2. Seek to understand and meet shareholder needs and expectations

Angus Energy encourages two-way communication with institutional and private investors. The Group’s major shareholders maintain an active dialogue to and ensure that their views are communicated fully to the Board. Where voting decisions are not in line with the company’s expectations the Board will engage with those shareholders to understand and address any issues. The Company Secretary is the main point of contact for such matters.

The Company seeks out appropriate platforms to communicate to a broad audience its current activities, strategic goals and broad view of the sector and other related issues. This includes but is not limited to media interviews, website videos in-person investor presentations and written content.

Corporate Governance Statement

Communication to all stakeholders is the direct responsibility of the Senior Management team. Managers work directly with professionals to ensure all inquiries (through established channels for this specific purpose such as email or phone) are addressed in a timely manner and that the Company communicates with clarity on its proprietary internet platforms. Senior management routinely provides interviews to local media, and business reporters in support of the company's activities. The Board routinely reviews the Company communication policy and programmes to ensure the quality communication with all stakeholders.

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

In all endeavors, the Company gives due consideration to the impact on its neighbours. The Company seeks out methodologies, processes and expertise in order to address the concerns of the non-investment community. As such, it actively identifies the bespoke needs of local communities and their respective planners.

For example, the company provides for local hotlines and establishes community liaison groups to address local questions and concerns.

Angus Energy seeks to maintain positive relationships within the communities it operates in. As such, Angus Energy is dedicated to ensuring:

- Open and honest dialogue;
- Engagement with stakeholders at all stages of development;
- Proactively address local concerns;
- Actively minimise impact on our neighbours; and
- Adherence to a strict health and safety code of conduct

As a responsible NSTA approved and EA permitted UK operator, Angus Energy is committed to utilising industry best practices and achieving the highest standards of environmental management and safety.

Our operations:

- Continuously assess and monitor environmental impact;
- Promote internally and across our industry best practices for environmental management and safety; and
- Constant attention to maintaining our exemplary track record of safe oil and gas production.

The Company has also established a scholarship programme for community residents seeking secondary or further education.

For more information, please refer to page 10 to 11 of the Annual Report as well as the Community section within the Company's corporate website.

4. Embed effective risk management, considering both opportunities and threats, throughout the organization

Risk Management in the Strategic Report details risks to the business, how these are mitigated and the change in the identified risk over the last reporting period.

The Board considers risk to the business at every Board meeting (at least 8 meetings are held each year) and the risk register is updated at each meeting. The Company formally reviews and documents the principal risks to the business at least annually.

Both the Board and senior managers are responsible for reviewing and evaluating risk and the Executive Directors meet at least monthly to review ongoing trading performance, discuss budgets and forecasts and new risks associated with ongoing trading.

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

Oversight of Angus Energy is performed by the Company's Board of Directors. Patrick Clanwilliam, the acting Non-Executive Chairman, is responsible for the running of the Board and Richard Herbert, the Chief Executive Officer, has executive responsibility for running the Group's business and implementing Group strategy. All Directors receive regular and timely information regarding the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings. In addition, minutes of the meetings of the Directors of the main UK subsidiary are circulated to the Group Board of Directors. All Directors have direct access to the advice and services of the Company Secretary and are able to take independent professional advice in the furtherance of their duties, if necessary, at the company's expense.

The Board comprises of two Executive Directors and three Non-Executive Directors with a mix of significant industry and business experience within public companies. The Board considers that all Non-Executive Directors bring an independent judgement to bear. All Directors must commit the required time and attention to thoroughly fulfil their duties.

The Board has a formal schedule of matters reserved for it and is supported by the Audit, Remuneration, Nomination and AIM Rules compliance committees. The Schedule of Matters Reserved and Committee Terms of Reference are available on the Company's website and can be accessed on the Corporate Governance page of the website.

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

The nomination committee will determine the composition of the Board of the Group and appointment of senior employees. It will develop succession plans as necessary and report to the Directors. Where new Board appointments are considered the search for candidates is conducted, and appointments are made, on merit, against objective criteria and with due regard for the benefits of diversity on the Board, including gender.

Corporate Governance Statement

The Company Secretary supports the Chairman in addressing the training and development needs of Directors.

As a small company, all members of the Board share responsibility for all Board functions. As such the Board will from time to time engage outside consultants to provide an independent assessment.

7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Board carries out an evaluation of its performance annually, considering the Financial Reporting Council's Guidance on Board Effectiveness. All Directors undergo a performance evaluation before being proposed for re-election to ensure that their performance is and continues to be effective, that where appropriate they maintain their independence and that they are demonstrating continued commitment to the role.

Details of the Board performance effectiveness process will be included in the Directors' Remuneration Report on page 25 to 26.

8. Promote a corporate culture that is based on ethical values and behaviors

The Group is committed to maintaining and promoting high standards of business integrity. Company values, which incorporate the principles of corporate social responsibilities (CSR) and sustainability, guide the Group's relationships with clients, employees and the communities and environment in which we operate. The Group's approach to sustainability addresses both our environmental and social impacts, supporting the Group's vision to remain an employer of choice, while meeting client demands for socially responsible partners.

Company policy strictly adheres to local laws and customs while complying with international laws and regulations. These policies have been integral in the way group companies have done business in the past and will continue to play a central role in influencing the Group's practice in the future.

The ethical values of Angus Energy, including environmental, social and community and relationships, are set out on pages 10 and 11 and 32 to 35 of the Annual Report.

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

The Company has adopted a model code for directors' dealings and persons discharging managerial responsibilities appropriate for an AIM company, considering the requirements of the Market Abuse Regulations ("MAR"), and take reasonable steps to ensure compliance is also applicable to the Group's employees (AIM Rule 21 in relation to directors' dealings).

The Corporate Governance Statement details the company's governance structures, the role and responsibilities of each director. Details and members of the Audit Committee,

Corporate Governance Statement

Remuneration Committee, Nomination Committee and AIM Rules compliance committee can be found on pages 21 to 22.

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

The Company encourages two-way communication with both its institutional and private investors and responds quickly to all queries received. The Managing Director talks regularly with the Group's major shareholders and ensures that their views are communicated fully to the Board.

The Board recognises the AGM as an important opportunity to meet private shareholders. The Directors are available to listen to the views of shareholders informally immediately following the AGM.

To the extent that voting decisions are not in line with expectations, the Board will engage with shareholders to understand and address any issues.

In addition to the investor relations activities carried out by the Company as set out above, and other relevant disclosures included on this Investor Relations section of the Company's website, reports on the activities of each of the Committees during the year will be set out in the Annual Report on page 21 to 22.

The Board and its committees

At the beginning of the reporting year, the Board of the Group consisted of three Executive Directors and three non-Executive Directors. At the date of approval of these financial statements, the Board of the Group consisted of two Executive Directors and three Non-Executive Directors.

The Board met on 23 occasions during the year to 30 September 2023. The table below sets out the Board meetings held by the Company for the financial year ended 30 September 2023 and attendance of each Director:

Board meetings

Executive Directors

Richard Herbert	[12/23]
Carlos Fernandes	[22/23]
George Lucan	[21/23]
Andrew Hollis	[14/23]

Non-Executive Directors

Patrick Clanwilliam	[19/23]
Krzysztof Zielicki	[22/23]
Paul Forrest	[22/23]

Corporate Governance Statement

The Group has established an audit committee, a remuneration committee, a nomination committee and an AIM Rules compliance committee with formally delegated duties and responsibilities.

Audit committee

The audit committee comprised of Paul Forrest, Carlos Fernandes and Patrick Clanwilliam, with Paul Forrest as chairman. The composition of these committees may change over time as the composition of the Board changes.

The Audit Committee helps the Board discharge its responsibilities regarding financial reporting, external and internal audits and controls as well as reviewing the Group's annual and half-year financial statements, other financial information and internal Group reporting.

The Audit Committee Report is presented on page 23 to 24.

Remuneration committee

The remuneration committee comprised of Paul Forrest, Patrick Clanwilliam and Krzysztof Zielicki, with Paul Forrest as chairman. The composition of these committees may change over time as the composition of the Board changes.

The remuneration committee will determine the scale and structure of the executive directors' and senior employees' remuneration and the terms of their respective service or employment contracts, including share option schemes and other bonus arrangements. The remuneration and terms and conditions of the non-executive directors of the Group will be set by the Chairman and executive members of the Board.

The Directors' Remuneration Report is presented on page 25 to 26.

Nomination committee

The nomination committee comprised of Patrick Clanwilliam, Krzysztof Zielicki and Paul Forrest with Patrick Clanwilliam as chairman. The composition of these committees may change over time as the composition of the Board changes.

The nomination committee will determine the composition of the Board of the Group and appointment of senior employees. It will develop succession plans as necessary and report to the Directors.

Where new Board appointments are considered the search for candidates is conducted, and appointments are made, on merit, against objective criteria and with due regard for the benefits of diversity on the Board, including gender.

The Board carries out an evaluation of its performance annually, taking into account the Financial Reporting Council's Guidance on Board Effectiveness.

Corporate Governance Statement

AIM Rules compliance committee

The AIM Rules compliance committee comprised of Richard Herbert, Carlos Fernandes and Patrick Clanwilliam with Richard Herbert as chairman. The composition of these committees may change over time as the composition of the Board changes.

The AIM Rules compliance committee will ensure that procedures, resources and controls are in place to ensure that AIM Rules compliance by the Group is operating effectively at all times and that the executive directors are communicating effectively with the Group's nominated adviser regarding the Group's ongoing compliance with the AIM Rules and in relation to all announcements and notifications and potential transactions.

The Board will keep the Group's compliance with the new Market Abuse Regulation (MAR) regime under review and will adopt such policies and practices as the Board considers necessary to ensure such compliance from time to time. This includes compliance with requirements regarding directors' dealings.

The AIM Rules compliance committee met three times during the period under review to discuss general compliance issues.

Other matters

The Board believes that the Group has a strong governance culture, and this has been reinforced by the adoption of the QCA Code and recognition of the key principles of corporate governance set out in the QCA Code, which the Board continually considers in a manner appropriate for a company of its size.

Patrick Clanwilliam

Chairman

18 March 2024

Audit Committee Report

The Audit Committee helps the Board discharge its responsibilities regarding financial reporting, external and internal audits and controls as well as reviewing the Group's annual and half-year financial statements, other financial information and internal Group reporting. This includes:

- considering whether the Company has followed appropriate accounting standards and, where necessary, made appropriate estimates and judgments taking into account the views of the external auditors;
- reviewing the clarity of disclosures in the financial statements and considering whether the disclosures made are set properly in context;
- where the audit committee is not satisfied with any aspect of the proposed financial reporting of the Company, reporting its view to the Board of directors;
- reviewing material information presented with the financial statements and corporate governance statements relating to the audit and to risk management; and
- reviewing the adequacy and effectiveness of the Company's internal financial controls and, unless expressly addressed by a separate board risk committee composed of independent directors, or by the Board itself, review the Company's internal control and risk management systems and, except where dealt with by the Board or risk management committee, review and approve the statements included in the annual report in relation to internal control and the management of risk.

The Audit Committee assists by reviewing and monitoring the extent of non-audit work undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the Group's internal controls and risk management systems. The ultimate responsibility for reviewing and approving the Annual Report and financial statements and the half-yearly reports remains with the Board.

During the year, no non-audit services were provided to the group for the year under review. The audit committee considered the nature, scope of engagement and remuneration paid were such that the independence and objectivity of the auditors were not impaired. Fees paid for audit services are disclosed in Note 6.

During the financial year, the Audit Committee met twice with the auditor, Crowe U.K. LLP, to review audit planning and findings regarding the Annual Report and review comments of the interim financial statements.

Significant reporting issues considered during the year included the following:

1. Impairments of oil assets

The Committee has reviewed the carrying values of the Groups oil assets, comprised of the oil production assets, exploration and evaluation (E&E) assets. Based on the work performed during the audit, and through discussions with management, the committee considers that the carrying value of E&E assets is not impaired. The committee has considered it prudent to impair the Lidsey production assets based on the estimated oil reserves and forecast level of future production.

Audit Committee Report

2. Going concern

The Committee also considered the Going Concern basis on which the accounts have been prepared and can refer shareholders to the Group's accounting policy set out in Note 3.3 and Note 4 (b). The directors are satisfied that the going concern basis is appropriate for the preparation of the financial statements.

3. Valuation of Derivative

The Committee has reviewed the carrying value of the closing derivative liability. Based on the work performed during the audit, and through discussions with management, the committee considers that the carrying value of the liability is appropriate.

Paul Forrest
Chairman – Audit Committee
18 March 2024

Directors' Remuneration Report

This report sets out the remuneration policy operated by the Company in respect of the Executive and Non-Executive Directors. The remuneration policy is the responsibility of the remuneration committee, a sub-committee of the Board. No Director is involved in discussions relating to their own remuneration.

Remuneration policy

The objective of the proposed remuneration policy is to attract, retain and motivate high-caliber executives to deliver outstanding shareholder returns and at the same time maintain an appropriate compensation balance with the other employees of the Group.

Directors' remuneration

The normal remuneration arrangements for Executive Directors consist of base salary, performance bonuses and other benefits as determined by the Board. Each of the Executive Directors has a service agreement that can be terminated at any time by either party giving to the other either six or twenty months' written notice. Compensation for loss of office is restricted to base salary and benefits only.

The remuneration packages for the Executive Directors are detailed below:

- **Base Salary:**
Annual review of the base salaries of the Executive Directors are concluded after taking into account the Executive Directors' role, responsibilities and contribution to the Group performance.
- **Performance Bonus:**
Bonus arrangements are discretionary and are payable depending on the performance of the Executive Directors in meeting their key performance indicators and in the wider context with the performance of the Group.
- **Benefits:**
Benefits include payments for provident funds that are mandatory and statutory pension payments as required by laws of the resident countries of the Executive Directors, health insurance and other benefits.
- **Longer term incentives:**
In order to further incentivise the Directors and employees, and align their interests with shareholders, the Company has granted share options in the current and previous years, as set out on page 29. The share options will vest at various future dates as described in Note 18 to the financial statements. There are no conditions attached to vesting other than service conditions.

Non-Executive Directors are remunerated solely in the form of Director Fees determined by the Board and are not entitled to pensions, annual bonuses or employee benefits.

Directors' Remuneration Report

Performance evaluation

All Directors undergo a performance evaluation before being proposed for re-election to ensure that their performance is and continues to be effective, that where appropriate they maintain their independence and that they are demonstrating continued commitment to the role.

Appraisals are carried out each year with all Executive Directors. All continuing Directors stand for re-election every 3 years. Succession planning at the current time is limited due to the current size of the Board.

The tables below set out the respective Directors' remuneration and fees:

2023	Salary	Termination	Share based	Total
	£'000	payment	payment	£'000
Richard Herbert	156		63	219
George Lucan	251	-	80	331
Andrew Hollis	186	-	60	246
Carlos Fernandes	184	-	60	244
Patrick Clanwilliam	83	-	-	83
Krzysztof Zielicki	35	-	-	35
Paul Forrest	30	-	-	30
	925	-	263	1,188

2022	Salary	Termination	Share based	Total
	£'000	payment	payment	£'000
George Lucan	127	-	-	127
Andrew Hollis	127	-	-	127
Carlos Fernandes	120	-	-	120
Cameron Buchanan	41	30	-	71
Patrick Clanwilliam	75	-	-	75
Paul Forrest	7	-	-	7
	497	30	-	527

The Remuneration Committee met three times during the year to review the scale and structure of the executive directors' and senior employees' remuneration.

Paul Forrest

Chairman – Remuneration Committee

18 March 2024

Board of Directors

Richard Herbert

Chief Executive Officer

Richard is a geologist by profession, with over 42 years' experience in the upstream oil and gas business. His previous roles include COO Exploration at BP, Executive Vice-President for Technology at TNK-BP in Russia, Vice-President of Exploration for Talisman Energy in Alberta, Canada and CEO of Canadian independent Frontera Energy Corporation, operating in Latin America. He was formerly General Manager of the Wytch Farm oil field in Dorset and is currently a non-executive director of Norwegian service company PGS.

Carlos Fernandes

Finance Director

Carlos has been part of the Angus team since 2013 and has seen the Company's transition from private to public. Prior to his appointment as Finance Director, he was the Chief Financial Officer of the group. He has over 13 years commercial experience working in the Mining and Oil & Gas industry.

Patrick Clanwilliam

Non-Executive Chairman

Paddy's previous responsibilities include the Chair of Eurasia Drilling Company Limited (EDCL.LI) the largest drilling and work-over company in Eurasia. He is also a former Non-Executive Director of SOMA Oil & Gas, a private exploration play in deepwater offshore Somalia and OJSC Polyus Gold (OPYGY) the largest Russian gold mining company by market share.

Paul Forrest

Non-Executive Director

Paul Forrest has nineteen years' experience on the natural resources sector, including ten years in offshore oil and gas in the Philippines, and more recently seven years UK onshore oil and gas culminating in the acquisition of the Saltfleetby Project in 2019. He is the former Financial Controller of AIM traded Forum Energy Plc and Celtic Resources Plc.

Krzysztof Zielicki

Non-Executive Director

Krzysztof has over four decades of experience in the oil and gas industry. He has held senior leadership positions in several Energy Majors, including BP, TNK/BP and Rosneft, where he was Vice President for M&A and Strategy.

Directors' Report

The Directors present their report together with the audited consolidated financial statements of Angus Energy plc for the year ended 30 September 2023.

Results and Dividends

The Group recorded a profit of £117.810m, which included a derivative profit of £136.966m in relation to the derivative instrument and an impairment of £3.717m. EBITDA for the period was £17.002m (2022: loss of £0.869m). The Group recorded an Operating profit of £4.794m and adjusted for the derivative financial instrument profit, realized derivative costs and finance costs during the period, resulted in an adjusted operating loss of £19.156m (2022: loss of £1.638m). The derivative profit is based on future production and calculated using forward gas prices as at 30 September 2023. The derivative will be realised to a profit or loss when the payments under the derivative instruments become due (see note 25).

Directors

The Directors who were in office during the year and up to the date of signing the financial statements, unless stated, were:

Executive Directors

Richard Herbert (Chief executive Officer, appointed on 13 March 2023)

Carlos Fernandes (Finance Director)

George Lucan (Executive Chairman, resigned 14 August 2023)

Andrew Hollis (Technical Director resigned, 27 September 2023)

Non-Executive Directors

Patrick Clanwilliam

Paul Forrest

Krzysztof Zielicki (appointed 4 October 2022)

Cameron Buchanan (resigned 4 October 2022)

The Directors of the Company at the date of this report, and their biographical summaries, are given on page 27.

The Directors' remuneration is detailed in the Directors' Remuneration Report on page 25 to 26. All Directors benefit from the provision of Directors' and Officers' indemnity insurance policies. Premiums payable to third parties were £23,000 (2022 – £33,300).

Research and development

As disclosed in Note 11 and 12, the Group incurred expenditure in the development of oil and gas fields. An initial pilot study was commissioned by the company to assess the use of these remaining wells with respect to a geothermal/heat capture project. Initial findings appear positive, and the company is now assessing a way forward regarding this.

Directors' Report

Share Capital

At the date of this report ordinary shares are issued and fully paid. Details of movement in share capital during the year are given in note 17 to the financial statements.

Substantial Shareholders

As of the date of this report the Group had been notified of the following interests of 3% or more in the Group's ordinary share capital:

	Percentage of shareholding
Kemexon Ltd	23.54%
Forum Energy Limited	9.01%
Knowe Properties	5.80%
Aleph Fin C	3.71%

Share options

There were 254,000,000 Share Options issued and 28,000,000 surrendered during the reporting period. See note 18 for further details.

Financial Instruments

The financial risk management objectives and policies of the Group in relation to the use of financial instruments and the exposure of the Group and its subsidiary undertakings to its main risks, credit risk and liquidity risk, are set out in note 26 to the financial statements.

Employees

The Group had 28 employees as of 30 September 2023 (2022: 23). Employees are encouraged to directly participate in the business through an Enterprise Management Incentive Scheme, which set out in note 18 to the financial statements.

Going Concern

As disclosed in Note 3.3 to the financial statements, it refers to the assumptions made by the Directors when concluding that it remains appropriate to prepare the financial statements on the going concern basis.

Events after the reporting period

Events after the reporting period have been disclosed in Note 32.

Disclosure of Information to the Auditor

In the case of each person who was a Director at the time this report was approved:

- so far as the Director was aware there was no relevant audit information of which the Company's auditor was unaware; and
- the Director has taken all steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor was aware of that information.

Directors' Report

Auditor

A resolution to reappoint the auditor, Crowe U.K. LLP, will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board.

Richard Herbert

Chief Executive Officer

18 March 2024

Statement of Director's Responsibilities

The Directors are responsible for preparing the Strategic Report, Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with UK adopted international accounting standards; and have elected under the company law to prepare the Company statements in accordance with UK accounting standards.

The financial statements are required by law and applicable accounting standards to present fairly the financial position of the Group and the Company and the financial performance of the Group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 Group and Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the Strategic Report and Directors' report which comply with the requirements of the Companies Act 2006;
- prepare financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Angus Energy PLC website www.angusenergy.co.uk.

Legislation in the United Kingdom governing the preparation and dissemination of financial statement may differ from legislation in other jurisdictions.

Stakeholder Engagement

As a public company operating in one of the most regulated industries Angus Energy recognise that stakeholder engagement is a key foundation for the long-term success of the Group. Stakeholders include not only our shareholders, lenders, and our partners, but also our suppliers & customers, our workforce, governments & regulators, and the communities in which we operate. The Company seeks out appropriate platforms to communicate to a broad audience its current activities, strategic goals and broad view of the sector and other related issues.

The section below, describes how the directors of the Company have regard for the matters set out in Section 172(1) of the Companies Act 2006, these are:

- the likely consequences of any decision in the long term
- the interests of the company's employees,
- the need to foster the company's business relationships with suppliers, customers and others,
- the impact of the company's operations on the community and the environment,
- the desirability of the company maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the company.

The section below forms the Board's statement on such matters as required by the Act. Further information regarding Angus's assessment of environmental and community issues associated with our operations, can be found in the Sustainability Review on pages 9 and 10 and pages 34 to 35. Review of the key decisions and issues discussed in Board meetings and by various committees in 2023 is contained in the Corporate Governance Statement from pages 16 to 22.

Shareholders and Lenders

Angus seeks to develop an investor base of long-term holders that are aligned with our strategy. By clearly communicating our strategy and objectives, we maintain continued support for what we do.

Important issues include:

- Sustainable financial and operational performance
- Continued review of new opportunities which can leverage our cost discipline and technical skills base
- Sustainable financial and operational performance
- Capital allocation

There is regular dialogue between both institutional and retail investors and lenders through meetings, calls, conferences, presentations and through our Investor Questions on our website.

Stakeholder Engagement

Highlights include:

- Investor conference calls
- Online interviews
- Investor questions regularly answered on the company's website
- Closing a £3m Bridge Loan from an existing Shareholder, Kemexon Ltd

Partners

Sharing of risk is a fundamental component of our industry and by maintaining aligned and collaborative relationships with our joint venture partners, we can ensure that maximum value can be extracted from our operations in a safe and sustainable manner.

Important issues include:

- Operational performance & HSE
- Budget setting and work programs

Angus ensures that we maintain an open dialogue with all our partners in the Balcombe, Lidsey and Brockham licences. We seek to ensure that all partners are aligned around common objectives for the asset and maintain safe and efficient operations.

Highlights include:

- Support for the Company's plans to carry out a work-over at Brockham to resume production.

Customers & Suppliers

Angus has through the year's development good customer base. The supply chain is managed by Angus on behalf of its partners. We have further developed strong relationships with key corporate suppliers.

Important issues include:

- Contract management strategy
- Uninterrupted service for customers
- Enhance value.

Engagement with suppliers usually takes place with the operator and we are closely involved and help shape the strategy and timing.

Highlights include:

- Agreeing long term service contracts with suppliers for the maintenance of the Salfteby gas processing facilities

Workforce

Our current and future success is underpinned by our ability to engage, motivate and adapt our workforce. Creating the right environment for employees where their various strengths are recognised and their contributions are valued, helps to ensure that we can deliver our shared objectives.

Stakeholder Engagement

Important issues include:

- Group strategy
- Diversity of thinking
- Corporate culture

During 2023, internal communications were upscaled, so employees were kept informed of all the workstreams across the Company and helped to raise key issues with directors and executives.

Highlights include:

- Production & strategy updates
- Weekly management calls
- All staff involvement in CSR initiatives

Government & Regulators

Maintaining respectful and collaborative relationships with our regulatory authorities is vital to our 'licence to operate'. We believe that the strength of these relationships will allow us to make a sustainable and beneficial contribution to the regions in which we operate.

Important issues include:

- Renewal of Licences
- Identifying and securing new opportunities
- Providing views on upcoming legislation and factors that are important to the industry
- CSR commitments

Angus maintains an open dialogue with the NSTA, EA, HSE and local authorities in the areas it operates. Angus is also a member of UKOOG, OGUK and IGEM.

Highlights include:

- Approval of submitted Field Development Plans by the NSTA

Communities & Environment

As a responsible NTSA approved and EA permitted UK operator, Angus Energy is committed to utilising industry best practices and achieving the highest standards of environmental management and safety. Angus Energy also seeks and maintains positive relationships with its local communities.

Important issues include:

- Continuously assess and monitor environmental impact.
- Promote internally and across our industry best practices for environmental management and safety.
- Constant attention to maintaining our exemplary track record of safe oil and gas production.
- Open and honest dialogue
- Engagement with stakeholders at all stages of development
- Proactively address local concerns

Stakeholder Engagement

- Actively minimise impact on our neighbours

Regular engagement with HSE and EA officers occurs through operational committee meetings maintaining positive focus on health, safety and the environment.

Highlights include:

- Zero environmental or HSE incidents during operations in 2023
- Continued community engagement
- Continued awards through the company's local scholarship program

Independent Auditor's Report To The Members of Angus Energy Plc

Opinion

We have audited the financial statements of Angus Energy plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 30 September 2023, which comprise:

- the Group statement of comprehensive income for the year ended 30 September 2023;
- the Group and parent company statements of financial position as at 30 September 2023;
- the Group and parent company statements of changes in equity for the year then ended;
- the Group statement of cash flows for the year then ended; and
-
- the notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is in accordance with UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 September 2023 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard 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

On forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 3.3 to the financial statements concerning the group and company's ability to continue as a going concern. The financial statements have been prepared on the going concern basis, which depends on the group and company's ability to generate working capital from its producing assets to meet its derivative obligations. Reliance is placed on there not being suspension of gas production for an unforeseen period. These conditions, along with other matters explained in note 3.3 to the financial statements, indicate the existence of a material uncertainty which may cast a significant doubt about the group and company's ability to continue as a going concern. The financial statements do not include adjustments that would result if the group and company were unable to continue as a going concern.

Independent Auditor's Report To The Members of Angus Energy Plc

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. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included Reviewing management's financial projections for the Group and parent company for a period of more than 12 months from the date of approval of the financial statements.

- Reviewing management's financial projections for the Group and parent company for a period of more than 12 months from the date of approval of the financial statements.
- Checking the numerical accuracy of management's financial projections
- Challenging management on the assumptions underlying those projections and sensitised them to reduce anticipated net cash inflows from future trading activities.
- Obtained the latest management results post year end 30 September 2023 to review how the Group and parent company are trending toward achieving the forecast.
- Performed sensitivity analysis on key inputs of the forecast by calculating the impact of various scenarios and considering the impact on the group and parent Company's ability to continue as a going concern in the event that a downward scenario occurs.
- Assessing the impact of the post year-end refinancing as detailed in note 32.
- Assessing the completeness and accuracy of the matters described in the going concern disclosure within the significant accounting policies as set out in Note 3.3.

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

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality is £2,739,000 (2022: £2,200,000) which is based on 2% of the derivative's fair value movement of £136.9m (2022: £110.3m). A Specific materiality for the Group financial statements other than the derivative was determined to be £917,000 (2022: £450,000) based on 3% of Group net assets excluding the derivative balance. The parent company overall materiality is set at £79,000 (2022: £100,000) based on a percentage of loss before tax.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. This is set at £512,000 (2022: £315,000) for the group and £55,000 (2022: £71,429) for the parent company.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £46,000 (2022: £23,000). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

Our Group audit scope included a full audit of all three reporting entities which account for 100% of the Group's net assets and loss before tax.

Independent Auditor's Report To The Members of Angus Energy Plc

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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) that we identified. These matters included 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. We set out below, together with the material uncertainty related to going concern above, those matters we are identified as key audit matters.

This is not a complete list of all risks identified by our audit.

<i>Key audit matter</i>	<i>How the scope of our audit addressed the key audit matter</i>
<p>Carrying value of oil & gas production assets and recovery of Investment in subsidiaries.</p> <p>At 30 September 2023, the carrying value of oil & gas production assets was £80.792 million.</p> <p>The recoverable value of the Saltfleetby, Brockham and Lidsey production assets are based on the net present value of estimated future net cash flow after the application of an appropriate discount rate. If the production rate or reserve quantity are less than anticipated, appropriate adjustments would be necessary to further impair the carrying value of these assets.</p> <p>We focused on this area due to the significance of the carrying value of the assets. The risk of impairment was considered likely to be highly sensitive to assumptions and estimates about future oil and gas prices and discount rate. Other assumption include exchange rates, future production levels, reserves and operating costs.</p>	<p>We evaluated management's assessment of indicators of impairment and recoverability assessment for the Group's oil & gas production assets. We have:</p> <ul style="list-style-type: none">• tested price and discount rate assumptions by comparing forecast oil price assumptions to the latest market evidence available and reviewed the reasonableness of the discount rate applied, with reference to benchmarks assessed by our Valuations Team;• tested the accuracy of the forecast cash flows and the assumptions used within the cash flow projection model.• We assessed the quality of management's previous budgets and forecasts by comparing them to actual performance.• Considered the future recoverability of the Saltfleetby production asset in respect of recoverability of the parent company's investment in subsidiary. <p>We have considered the adequacy of the disclosure to the financial statements and the work performed by management including the key judgement and sensitivity analysis presented in note 4, note 11, and note 5 the Parent Company's Investment in subsidiary (pg 82) respectively.</p>

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Carrying value of exploration and evaluation (E&E) assets (note 12)

At 30 September 2023, the carrying value of exploration and evaluation assets was £5.628 million.

The Balcombe site is still in the exploration and evaluation phase as technical and economic feasibility have yet to be established.

The recoverable value of these assets are based on the net present value of estimated future net cash flow after the application of an appropriate discount rate. If the production rate or reserve quantity are less than anticipated, appropriate adjustments would be necessary to impair the carrying value of these assets.

We reviewed management's assessment of indicators of impairment for the ongoing exploration assets under IFRS 6 including the review of the validity of the licence and the progress of the technical work to date. In addition, we evaluated management's Net Present Value (NPV) models for the Balcombe assets. We challenged the key estimates and assumptions used by management.

We also reviewed management's assessment of the future decommissioning costs and assessed the appropriateness of the assumptions concerning the timing and discounting of the estimated cost of decommissioning.

We reviewed the disclosure made concerning this matter to ensure that it is consistent with our understanding.

Carrying value of derivative financial instrument (note 25, note 4)

At 30 September 2023, the carrying value of the gas swap derivative financial instrument was £21.7 million, recorded in liabilities.

The valuation of this instrument is subjective and variations in this value would have a material impact on the income statement and the statement of financial position.

We obtained copies of the contracts between the Group and the provider of the Gas Swap arrangements.

We obtained the Independent pricing curve data (I.C.I.S Heren) as at 30 September 2023.

We recalculated management's assessment of the valuation of the derivative as at 30 September 2023 benchmarked to the I.C.I.S Heren curve.

We discussed the process of valuation with management to establish whether there had been any changes in methodology from the prior year.

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Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Other information

The directors are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 31, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and 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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below however the primary responsibility for the prevention and detection of fraud lies with management and those charged with governance of the Company.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and the procedures in place for ensuring compliance. The most significant identified were the Companies Act 2006 and the QCA Corporate Governance Code. Our work included direct enquiry of the Company Secretary who oversees all legal proceedings, reviewing Board and relevant committee minutes and inspection of correspondence.
- As part of our audit planning process we assessed the different areas of the financial statements, including disclosures, for the risk of material misstatement. This included considering the risk of fraud where direct enquiries were made of management and those charged with governance concerning both whether they had any knowledge of actual or suspected fraud and their assessment of the susceptibility of fraud. We considered the risk was greater in areas that involve significant management estimate or judgement. Based on this assessment we designed audit procedures to focus on the key areas of estimate or judgement, this included specific testing of journal transactions, both at the year end and throughout the year.
- We used data analytic techniques to identify any unusual transactions or unexpected relationships, including considering the risk of undisclosed related party transactions.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

Independent Auditor's Report To The Members of Angus Energy Plc

The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organised schemes designed to conceal it, including deliberate failure to record transactions, collusion or intentional misrepresentations being made to us.

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

www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

John Glasby

Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

Statutory Auditor

55 Ludgate Hill

London EC4M 7JW

Date: 18 March 2024

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 30 SEPTEMBER 2023**

	Note	2023 £'000	2022 £'000
Revenue	5	28,208	3,142
Cost of sales		(6,923)	(581)
Depletion cost		(8,491)	(529)
Gross profit		<u>12,794</u>	<u>2,032</u>
Administrative expenses		(2,906)	(2,619)
Impairment charge	11	(3,717)	-
Share based payment	18	(1,377)	(811)
Operating profit / (loss)		4,794	(1,398)
Derivative financial instrument profit / (loss)	25	136,966	(110,309)
Realised Derivative cost	25	(19,963)	-
Finance cost	7	(3,987)	(240)
Profit / (Loss) before taxation		<u>117,810</u>	<u>(111,947)</u>
Taxation	9	-	-
Profit / (Loss) for the year	6	<u>117,810</u>	<u>(111,947)</u>
Total comprehensive profit / (loss) for the year	6	<u>117,810</u>	<u>(111,947)</u>
Profit/(Loss) for the year attributable to:			
Owners of the parent company		<u>117,810</u>	<u>(111,947)</u>
Total comprehensive profit / (loss) attributable to:			
Owners of the parent company		<u>117,810</u>	<u>(111,947)</u>
		<u><u>117,810</u></u>	<u><u>(111,947)</u></u>
Earnings per share (EPS) attributable to owners of the parent:	20		
Basic EPS (in pence)		3.48	(6.79)

The notes on page 47 to 75 form part of these of financial statements

All amounts are derived from continuing operations.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023**

	Note	2023 £'000	2022 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	17	27
Exploration and evaluation assets	12	5,628	5,572
Oil & gas production assets	11	80,248	80,792
Lease assets	28	25	48
Total non-current assets		85,918	86,439
Current assets			
Trade and other receivables	15	2,976	4,107
AFS financial investments	14	11	20
Lease assets	28	1	33
Inventory	16	-	3
Cash and cash equivalents		2,172	747
Total current assets		5,160	4,910
TOTAL ASSETS		91,078	91,349
EQUITY			
Equity attributable to owners of the parent:			
Share capital	17	7,254	5,529
Share premium	17	45,500	38,708
Merger reserve	19	(200)	(200)
Loan note reserve	23	-	106
Accumulated loss		(15,295)	(138,599)
TOTAL EQUITY		37,259	(94,456)
Current liabilities			
Trade and other payables	21	10,270	11,154
Loans payable - current	24	13,829	5,250
Derivatives liability	25	12,827	86,583
Total current liabilities		36,926	102,987
Non-current Liabilities			
Provisions	22	4,970	4,369
Trade and other payables	21	23	52
Loan payable – non current	24	3,013	6,300
Derivatives liability	25	8,887	72,097
Total non-current liabilities		16,893	82,818
TOTAL LIABILITIES		53,819	185,805
TOTAL EQUITY AND LIABILITIES		91,078	91,349

The notes on page 47 to 75 form part of these of financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 18 March 2024 and were signed on its behalf by:

Richard Herbert – Director
Company number: 09616076

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 30 SEPTEMBER 2023**

	Share capital £'000	Share premium £'000	Merger reserve £'000	Loan Note reserves £'000	Accumulated loss £'000	Total equity £'000
Balance at 30 September 2021	1,933	23,605	(200)	106	(27,463)	(2,019)
Loss for the year	-	-	-	-	(111,947)	(111,947)
Total comprehensive income for the year	-	-	-	-	(111,947)	(111,947)
Transaction with owners						
Issue of shares	3,596	15,615	-	-	-	19,211
Less: issuance costs	-	(512)	-	-	-	(512)
Grant of share options	-	-	-	-	811	811
Balance at 30 September 2022	5,529	38,708	(200)	106	(138,599)	(94,456)
Profit for the year	-	-	-	-	117,810	117,810
Total comprehensive profit/(loss) for the year	-	-	-	-	117,810	117,810
Transaction with owners						
Issue of shares	1,725	10,297	-	(106)	-	11,916
Less: issuance costs	-	(3,477)	-	-	-	(3,477)
Grant of share options	-	-	-	-	1,377	1,377
Grant of Warrant as fund raise and finance costs	-	(28)	-	-	4,117	4,089
Balance at 30 September 2023	7,254	45,500	(200)	-	(15,295)	37,259

The notes on page 47 to 75 form part of these of financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED 30 SEPTEMBER 2023

	Year ended 30 September 2023 £'000	Year ended 30 September 2022 £'000
Cash flow from operating activities		
Profit/Loss for the year before taxation	117,810	(111,947)
Adjustment for:		
Derivative financial instrument (profit)/loss	(136,966)	110,309
Share option charge	1,377	811
Equity settled in lieu professional fees	-	683
Grant of Warrants as finance costs	1,663	-
Interest payable	2,315	234
Depletion charge	8,491	529
Impairment of Oil & Gas Production asset	3,717	-
Lease amortization charges	55	35
Write-off Inventory	3	-
Investment revaluation	9	-
Depreciation of owned assets	10	11
Cash (used) / generated in operating activities before changes in working capital	(1,516)	665
Change in trade and other receivables	1,131	1,860
Change in other payables and accruals	1,629	(5,043)
Cash used in operating activities before tax	1,244	(2,518)
Income tax paid	-	-
Net cash flow used in operations	1,244	(2,518)
Cash flow from investing activities		
Payment of deferred consideration	(490)	(250)
Acquisition of property, plant and equipment	-	(15)
Acquisition of exploration and evaluation assets	(52)	(12,338)
Acquisition of oil and gas production assets	(11,067)	(276)
Net cash flow from investing activities	(11,609)	(12,879)
Cash flow from financing activities		
Repayment of loan facility	(4,337)	(450)
Drawdown of Bridge Loans	9,000	-
Lease principal repayment	(47)	(30)
Proceeds from issuance of shares	8,518	10,464
Interest payable	(1,344)	-
Net cash flow from financing activities	11,790	9,984
Net (decrease)/increase in cash & cash equivalents	1,425	(5,413)
Cash and cash equivalent at beginning of year	747	6,160
Cash and cash equivalent at end of year	2,172	747

The notes on page 47 to 75 form part of these of financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Angus Energy Plc (the "Company") is incorporated and domiciled in the United Kingdom. The address of the registered office is Building 3 Chiswick Park, 566 Chiswick High Road, London, W4 5YA.

The principal activity of the Company is that of investment holding. The principal activity of the Group is that of oil and gas extraction for distribution to third parties. The principal activities of the various operating subsidiaries are disclosed in note 13.

2. Presentation of financial statements

The financial statements have been presented in Pounds Sterling (£) as this is the currency of the primary economic environment that the group operates in. The amount is rounded to the nearest thousand (£'000), unless otherwise stated.

3. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

3.1 Basis of preparation

These financial statements have been prepared in accordance with UK adopted international accounting standards and with the requirements of the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for certain assets and liabilities which are stated at their fair value.

3.2 New standards, amendments to and interpretations to published standards not yet effect

The Directors have considered those standards and interpretations, which have not been applied in the financial statements but are relevant to the Group's operations, that are in issue but not yet effective and do not consider that they will have a material impact on the future results of the Group.

3.3 Going concern

The Group recorded a profit of £117.810m, which included a derivative profit of £136.966m in relation to the derivative instrument and an impairment of £3.717m. EBITDA for the period was £17.002m (2022: loss of £0.869m). The Group recorded an Operating profit of £4.794m and adjusted for the derivative financial instrument profit, realized derivative costs and finance costs during the period, resulted in an adjusted operating loss of £19.156m (2022: loss of £1.638m). The derivative profit is based on future production and calculated using forward gas prices as at 30 September 2023. The derivative will be realised to a profit or loss when the payments under the derivative instruments become due (see note 25).

The Group meets its day to day working capital requirements through existing cash reserves. At 30 September 2023, the Group had £2.172 million of available cash. During the year, the Group raised gross proceeds of £9.070 million as a result of placing of new ordinary shares and converting warrants to ordinary shares. On 22 February 2024, the Company announced that terms had been agreed with a subsidiary of Trafigura Group PTE Ltd ("Trafigura ") for a refinancing of its existing debt. The Company signed definitive loan documentation and drew down the full £20m available under the facility (see note 32 for further details).

Directors continue to take the prudent decision to introduce cost saving measures where possible to preserve working capital. The Directors have assessed the Group's working capital forecasts for a minimum of 12 months from the date of the approval of these financial statements. In undertaking this assessment, the Directors have reviewed the underlying business risks, and the potential implications these risks would have on the Group's liquidity and its business model over the assessment period. This assessment included a detailed cash flow analysis prepared by the management, and they also considered several reasonably plausible downside scenarios. The scenarios included potential delays to expected future revenues. In making their overall assessment, the Directors took into account the advanced stage of the development of the Saltfleetby gas field and the impact of the derivative instrument if there were delays in gas production. As

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

outlined in note 25 the Group has committed to future cash flows as a result of the derivatives in place which are due even if gas is delayed.

Forecast cashflows place reliance on there not being a suspension of gas production for an unforeseen significant period. Current production levels are in excess of derivative requirements. There are no present operational concerns and whilst there are mitigating steps that could be taken, the contracted derivative will need to be settled at a fixed point in time. In the event of any significant delay this would be subject to further negotiation with the derivative holder or further funding may be required.

Based on the current management's plan, management considered that the working capital from the expected revenue generation, along with the funds made available from the recently announced Trafigura refinancing, are sufficient for the expenditure to date as well as the planned forecast expenditure for the forthcoming twelve months from the date of the approval of this financial statement. As a result of that review the Directors consider that it is appropriate to adopt the going concern basis preparation, notwithstanding the material uncertainty relating to the continued production of gas as outlined above. The Director has assessed the company's ability to continue as a going concern and have reasonable expectation that the company has adequate resources to continue operations for a period of at least 12 months from the date of approval of these financial statements.

These financial statements do not include any adjustment that may result from any significant changes in the assumption used.

3.4 Basis of consolidation

The consolidated financial statements comprise the financial information of the Company and its subsidiaries (the "Group") made up to the end of the reporting period. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The consolidated financial statements present the results of the Company and its subsidiaries and joint arrangements as if they formed a single entity. Inter-company transactions and balances between group companies are therefore eliminated in full. The financial information of subsidiaries is included in the Group's financial statements from the date that control commences until the date that control ceases.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group. When necessary, adjustments are made to the financial information 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.

3.5 Property, plant and equipment

All fixed assets are initially recorded at cost. Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures and fittings	-	25% straight line
Plant and machinery	-	20% straight line
Motor vehicles	-	20% straight line

3.6 Oil and natural gas exploration and evaluation (E&E) expenditure

Oil and natural gas exploration and evaluation expenditure is accounted for using the successful efforts method of accounting.

(a) Licence and property acquisition costs

Licence and property leasehold acquisition costs are capitalised within intangible fixed assets and amortised on a straight-line basis over the estimated period of exploration. Upon determination of economically recoverable reserves amortisation ceases and the remaining costs are aggregated with exploration expenditure and held on a field-by-field basis as proved properties awaiting determination within intangible

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

fixed assets. When development is sanctioned, the relevant expenditure is transferred to tangible production assets.

(b) Exploration expenditure

Geological and geophysical exploration costs are charged against income as incurred. Costs directly associated with an exploration well are capitalised as an intangible asset until drilling of the well is complete and the results have been evaluated. If hydrocarbons are not found, the exploration expenditure is written off as a dry hole. If hydrocarbons are found, and, subject to further appraisal activity, are likely to be capable of commercial development, the costs continue to be carried as an asset. All such carried costs are subject to regular technical, commercial management review to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off. When proven and probable reserves of oil and gas are determined and development is sanctioned, the relevant expenditure is transferred to tangible production assets.

(c) Development expenditure

Expenditure on the construction, installation and completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including unsuccessful development or delineation wells, is capitalised within tangible production assets.

(d) Maintenance expenditure

Expenditure on major maintenance, refits or repairs is capitalised where it enhances the performance of an asset above its originally assessed standard of performance; replaces an asset or part of an asset which was separately depreciated and which is then written off; or restores the economic benefits of an asset which has been fully depreciated. All other maintenance expenditure is charged to income as incurred.

Treatment of E&E assets at conclusion of appraisal activities

Intangible E&E assets related to each exploration licence/prospect are carried forward, until the existence (or otherwise) of commercial reserves has been determined. If commercial reserves have been discovered, the related E&E assets are assessed for impairment on a cost pool basis as set out below, and any impairment loss of the relevant E&E assets is then reclassified as development and production assets.

(e) Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Loan and receivables

Loans and receivables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Trade receivables are recognised initially at the transaction price and subsequently measured at amortised cost, less any impairment losses.

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

Borrowing cost

Borrowing cost that are directly attributable to the acquisition, development, or production of a qualifying asset, that necessarily takes substantial time to prepare, are capitalized as part of the cost of the respective asset. It consists of interest and other cost in connection with the borrowing of the funds. Capitalization commences when activities to prepare the asset are in progress or in future re-development activities and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

ceases when all activities necessary to prepare the asset are completed. Other borrowing costs are recognized in the statement of profit and loss and other comprehensive income in the period in which they are incurred.

Derivative financial instrument

The group uses derivative financial instrument, to hedge its commodity price risk, such as commodity swap contracts. The Group has elected not to apply the hedge accounting on this derivative. Derivative financial instruments are recognized at fair value on the date on which the contract is entered into and subsequently measured at fair value. Derivatives are carried as financial asset when the fair value is greater than its initial measurement and financial liabilities when fair value is negative. Any gains or losses arising from the changes in fair value of the derivatives are recognised in the statement of Comprehensive Income as a profit or loss for the year.

As at 30 September 2023, the Group's derivative liability amounted to £21.714 million as a result of the hedging agreement entered into with Mercuria Energy Trading SA under a Swap Contract (see Note 25)

In the determining the fair values of the financial asset and liabilities, instruments are analysed into Level 1 to 3 as follows:

- Level 1: Fair value measurements derive from quoted prices (unadjusted) in active market for identical asset or liabilities.
- Level 2: Fair value measurement derive from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Fair value measurements derive from valuation technique that include inputs for the asset or liability that are not based on observable market data.

3.8 Impairment of assets

(a) Financial assets

Impairment provisions for current receivables are recognised based on the simplified approach within IFRS 9. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administration costs in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those for which credit risk has increased significantly, lifetime expected credit losses are recognised, unless further information becomes available contrary to the increased credit risk. For those that are determined to be permanently credit impaired, lifetime expected credit losses are recognised.

(b) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For assets that have indefinite lives, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

inflows of other assets or groups of assets (the “cash generating unit”).

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the profit or loss.

3.9 Oil and gas production assets

Expenditures related to the construction, installation or completion of infrastructure facilities, such as platforms and pipelines, and the drilling of development wells, including delineation wells, is capitalised within oil and gas production assets. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the abandonment cost for qualifying assets, and borrowing costs (see note 3.14 on decommissioning).

Oil and gas production assets are depreciated using a unit of production method. The cost of producing wells is amortised over total proved and undeveloped oil and gas reserves of the field concerned, except in the case of assets whose useful life is shorter than the lifetime of the field, in which case the straight-line method is applied. Rights and concessions are depleted on the unit-of-production basis over the total proved developed and undeveloped reserves of the relevant area. The unit-of-production rate calculation for the depreciation of field development costs takes into account expenditures incurred to date, together with sanctioned future development expenditure.

In accounting for a farm-out arrangement outside the exploration and evaluation phase, the Group:

- Derecognises the proportion of the asset that it has sold to the farmee
- Recognises the consideration received or receivable from the farmee, which represents the cash received and/or the farmee’s obligation to fund the capital expenditure in relation to the interest retained by the farmor
- Recognises a gain or loss on the transaction for the difference between the net disposal proceeds and the carrying amount of the asset disposed of. A gain is recognised only when the value of the consideration can be determined reliably. If not, then the Group accounts for the consideration received as a reduction in the carrying amount of the underlying assets
- Tests the retained interests for impairment if the terms of the arrangement indicate that the retained interest may be impaired

The consideration receivable on disposal of an item of property, plant and equipment or an intangible asset is recognised initially at its fair value by the Group. However, if payment for the item is deferred, the consideration received is recognised initially at the cash price equivalent. The difference between the nominal amount of the consideration and the cash price equivalent is recognised as interest revenue. Any part of the consideration that is receivable in the form of cash is treated as a financial asset and is accounted for at amortised cost.

3.10 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required, or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision. A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group. Contingent assets are not recognised but are disclosed in the notes to the accounts when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

The Company and its subsidiaries are, from time-to-time, parties to legal proceedings and claims which arise in the ordinary course of business. The Directors do not anticipate that the outcome of these proceedings

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

and claims will have a material adverse effect on the Group's financial position or on the results of its operations.

3.11 Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

3.12 Income tax

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported comprehensive income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Group and its subsidiaries operate by the end of the financial period.

Deferred income taxes are calculated using the balance sheet method. Deferred tax is generally provided on the temporary difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period it is recognised, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the Consolidated Statement of Comprehensive Income, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

3.13 Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the reporting date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are considered in arriving at the operating profit or loss.

3.14 Decommissioning

Provision for decommissioning is recognised in full on the installation of oil and gas production facilities. The amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements. A corresponding tangible fixed asset of an amount equivalent to the provision is also created. This is subsequently depreciated as part of the capital costs of the production and transportation facilities. Any change in the present value of the estimated expenditure is reflected in an adjustment to the provision and fixed asset.

3.15 Revenue

As described in note 5, the Group's revenue is driven by the sale of natural gas and crude oil, the goods are sold on their own in separate identified contracts with customers. The gas sales agreement has a fixed discount to the ICIS Heren NBP price, the oil offtake agreement has a fixed discount to the Brent forward

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

curve while the condensate offtake agreement has a fixed discount to the Naphtha forward curve. Delivery point of the sale is the point at which the natural gas passes from our pipeline to the national grid or when crude oil passes from the delivery tanker to the customers specified storage terminal, which represents the point at which the Group fulfils its single performance obligation to its customer under contracts for the sale of natural gas or crude oil. Revenue from the production of oil and gas in which the Group has an interest with other producers is recognised proportionately based on the Group's working interest and the terms of the relevant production sharing contracts.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable effective interest rate.

3.16 Share-based payments

The Group has applied IFRS 2 Share-based Payment for all grants of equity instruments.

The Group issues equity-settled share-based payments to its employees. 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 the shares that will eventually vest.

Fair value is measured using the Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate. The inputs to the model include: the share price at the date of grant, exercise price expected volatility, risk free rate of interest.

4. Critical accounting estimates and sources of estimation uncertainty

In applying the accounting policies, the directors may at times require to make critical accounting judgements and estimates about the carrying amount of assets and liabilities. These estimates and assumptions, when made, are based on historical experience and other factors that the directors consider are relevant.

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at the end of the financial year, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are reviewed are as stated below.

Key accounting judgements

(a) Impairment of non-current asset

The Group's non-current assets represent its most significant assets, comprising oil and gas production assets, exploration and evaluation (E&E) assets on its onshore sites.

Management is required to assess exploration and evaluation (E&E) assets for indicators of impairment and has considered the economic value of individual E&E assets. The carrying amount of the E&E asset are subject to a separate review for indicators of impairment, by reference to the impairment indicators set out in IFRS 6, which is inherently judgmental.

Processing operations are large, scarce assets requiring significant technical and financial resources to operate. Their value may be sensitive to a range of characteristics unique to each asset and key sources of estimation uncertainty include proved reserve estimates, future cash flow expected to arise from the cash-generating unit and a suitable discount rate.

In performing impairment reviews, the Group assesses the recoverable amount of its operating assets principally with reference to the Group's independent competent person's report, estimates of future oil prices, operating costs, capital expenditure necessary to extract those reserves and the discount rate to be applied to such revenues and costs for the purpose of deriving a recoverable value.

As detailed in note 11 and 12, the carrying amount of the Group's E&E assets and oil and gas production assets at 30 September 2023 were approximately £5.628 million (2022: £5.572 million) and £80.248 (2022: £80.792 million) respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The methods, key assumptions, sensitivity and possible outcomes in relation to the calculation of the estimates are detailed in note 11.

(b) Going concern

Forecast cashflows place reliance on there not being a suspension of gas production for an unforeseen significant period. Current production levels are in excess of derivative requirements. There are no present operational concerns and whilst there are mitigating steps that could be taken, the contracted derivative will need to be settled at a fixed point in time. In the event of any significant delay this would be subject to further negotiation with the derivative holder or further funding may be required.

As disclosed in note 3.3, the directors consider the Group and the Company to be a going concern while the Group will continue to operate under the management's plan and the Group expects to be able to continue to meet all finance obligations as they fall due for at least next twelve months from the date of approval these financial statements.

(c) Acquisition of Saltfleetby Energy Limited

The group has determined the acquisition of Saltfleetby Energy Limited as being outside the definition of IFRS 3 and therefore is not accounting as a business combination.

Key accounting estimates

(a) Decommissioning costs

Decommissioning costs will be incurred by the Group at the end of the operating life of some of the Group's facilities and properties. The Group assesses its decommissioning provision at each reporting date. The ultimate decommissioning costs are uncertain and cost estimates can vary in response to many factors, including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing, extent and amount of expenditure may also change — for example, in response to changes in reserves or changes in laws and regulations or their interpretation. Therefore, significant estimates and assumptions are made in determining the provision for decommissioning. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

External valuers may be used to assist with the assessment of future decommissioning costs. The involvement of external valuers is determined on a case by case basis, taking into account factors such as the expected gross cost and timing of abandonment, and is approved by the directors. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

As detailed in note 22, the provision at reporting date represents management's best estimate of the present value of the future decommissioning costs required.

(b) Valuation of derivative liability

On 01 June 2021, Angus Energy Weald Basin no. 3 Limited (AWB3) entered into a derivative agreement with Mercuria Energy Trading SA (METS) under a Swap contract as part of the condition of the Loan Facility (see note 25). The derivative instrument was used to mitigate price risk on the expected future cash flow from the production of Saltfleetby Gas Field. Under the Swap contract, AWB3 will pay METS the floating price while METS will pay AWB3 the fixed price on the sale of gas from the field.

The carrying value of the financial instrument approximates their fair value and was valued using Level 2 fair value hierarchy valuation. The fair value has been determined with reference to commodity yield curves, as adjusted for liquidity and trading volumes as at the reporting date supplied by the Group's hedging derivative partner, Mercuria Energy Trading. Management also assessed the valuation of these swaps using publicly available forward pricing curves.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Revenue and segment information

Currently, the Group's principal revenue is derived from the sale of natural gas and oil. All revenue arose from continuing operations within the United Kingdom. Therefore, management considers no detail of operating and geographical segments information is to be reported. Nonetheless, the Group's revenue can be classified into the following streams:

	2023	2022
	£'000	£'000
Sale of oil	1,372	97
Sale of natural gas	26,836	3,045
	<u>28,208</u>	<u>3,142</u>

All the non-current assets of the Group are located in the United Kingdom. All revenue arising from the sale of natural gas is derived from sales to Shell plc and represents over 95% of the Company's revenue.

6. Operating profit / (loss)

Operating profit is stated after charging/(crediting):

	2023	2022
	£'000	£'000
Depreciation of owned assets	10	11
Employee benefit expense	1,620	1,299
Auditor's remuneration		
Fees payable to company's auditor in respect to the audit of the Parent Company and consolidated financial statements	70	48
	<u>70</u>	<u>48</u>

Adjusted operating profit/ (loss)

The adjusted operating profit has been arrived at after charging/(crediting):

	2023	2022
	£'000	£'000
Operating profit/(loss) after tax	117,810	(111,947)
Derivative financial instrument profit/(loss)	(136,966)	110,309
Adjusted loss after tax	<u>(19,156)</u>	<u>(1,638)</u>

7. Finance cost

	2023	2022
	£'000	£'000
Interest payable on convertible loan notes	-	78
Loss on revaluation of AFS investment	9	8
Other finance costs	1,766	5
Loan interest expense	2,212	149
	<u>3,987</u>	<u>240</u>

All interest paid under the loan payable described in note 24 has been capitalised pre-production, in line with the Company's accounting policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Employee benefit expense

	2023	2022
	£'000	£'000
Wages and salaries	1,426	1,159
Social security costs	194	140
	<u>1,620</u>	<u>1,299</u>

The directors received salary from the group totaling £925,000 (2022: £497,000)

Key management are considered to be the directors. Details of each director's emoluments are in the directors' remuneration report.

	2023	2022
	Number	Number
The average number of employees during the year was:		
Director	5	5
Management	9	8
Operators	14	10
	<u>28</u>	<u>23</u>

9. Taxation on ordinary activities

No liability to corporation tax arose for the years ended 30 September 2023 and 2022, as a result of underlying losses brought forward.

Reconciliation of effective tax rate

	2023	2022
	£'000	£'000
Gain/(Loss) before tax	117,810	(111,947)
UK Ring Fenced Corporation Tax rate of 40% (2022: 19%)	47,124	(21,270)
Revenue	(11,283)	(597)
Expenses not deductible for tax purposes	5,438	107
Unrecognised deferred tax	(41,279)	21,760
	<u>-</u>	<u>-</u>

The Group has incurred indefinitely available tax losses of £179.1m (2022: £173.5m), which includes tax loss incurred on the acquisition of Saltfleetby Energy Limited, to carry forward against future taxable income of the subsidiaries in which the losses arose and they cannot be used to offset taxable profits elsewhere in the Group. In addition, there is approximately £344,000 (2022: £154,000) of deductible temporary difference in respect of the share-based payment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Property, plant and equipment

	Plant and machinery £'000	Motor vehicles £'000	Fixtures and fittings £'000	Total £'000
Cost or valuation				
At 1 October 2021	25	35	8	68
Additions	9	6	-	15
Acquisition of Saltfleetby Energy Limited	121	32	227	380
At 30 September 2022	155	73	235	463
Additions	-	-	-	-
At 30 September 2023	155	73	235	463
Depreciation and impairment				
At 1 October 2021	17	35	8	60
Charge for the year	8	3	-	11
Acquisition of Saltfleetby Energy Limited	110	28	227	365
At 30 September 2022	135	66	235	436
Charge for the year	5	5	-	10
At 30 September 2023	140	71	235	446
Net book value				
At 30 September 2022	20	7	-	27
At 30 September 2023	15	2	-	17

Depreciation of property, plant and equipment is included in administrative expenses in the consolidated statement of comprehensive income.

11. Oil and gas production assets

	Total £'000
Cost or valuation	
At 1 October 2021	7,501
Additions	276
Increase abandonment provision	125
Acquisition of Saltfleetby Energy Limited	54,535
Transfer from Exploration and Evaluation assets	19,851
At 30 September 2022	82,288
Additions	11,067
Increase abandonment provision	597
At 30 September 2023	93,952
Depreciation and impairment	
At 1 October 2021	967
Charge for the year	529
At 30 September 2022	1,496
Impairment of asset	3,717
Charge for the year	8,491
At 30 September 2023	13,704
Net book value	
At 30 September 2022	80,792
At 30 September 2023	80,248

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Saltfleetby went into production on 30 August 2022. In line with the company's accounting policy the asset has been reclassified as an Oil & Gas Production Asset, including assets acquired from Saltfleetby Energy Limited

As at 30 September 2023, the Group retained a 100% interest in the Saltfleetby field, an 80% interest in the Lidsey field, an 80% interest in the Brockham field and is still the operator of all the fields.

In assessing whether an impairment is required, the carrying value of the asset or cash generating unit ("CGU") is compared with its recoverable amount. The recoverable amount is determined from value in use calculations based on cash flow projections from revenue and expenditure forecasts covering a 5 to 10 year period. Assumptions involved in impairment measurement include estimates of commercial reserves and production volumes, future crude oil and gas prices, discount rates and the level and timing of expenditures, all of which are inherently uncertain. The key assumptions used are as follow:

	2023	2022
Discount rate (post-tax)	11%	10%
Crude oil price (per barrels)	\$34	\$75
Natural gas price (per Therm)	£1.13	£1.14

The growth rate is assumed to be zero and the level of production is constant on the basis the production plant is assumed to be at the most efficient capacity over the period of extraction.

Commercial reserves are proven and probable ("2P") oil and gas reserves, calculated on an entitlement basis. Estimates of commercial reserves underpin the calculation of depletion and amortisation on a Unit of Production ("UOP") basis. Estimates of commercial reserves include estimates of the amount of oil and gas in place, assumptions about reservoir performance over the life of the field and assumptions about commercial factors which, in turn, will be affected by the future oil and gas price.

Annual estimates of oil and gas reserves are generated internally by the Group with external input from operator profiles and/or a Competent Person. These are reported annually to the Board. The self-certified estimated future production profiles are used in the life of the fields which in turn are used as a basis in the value-in-use calculation.

The discount rate is based on the specific circumstances of the Group and its operating segment, with appropriate adjustments made to reflect the risks specific to the CGU and to determine the pre-tax rate. In considering the discount rates applying to the CGU, the directors have considered the relative sizes, risks and the inter-dependencies of its CGU. An increase of between 2% to 4% to the discount rate would lead to an impairment of the carrying value of the CGU.

Furthermore, a sensitivity analysis has been carried out for Saltfleetby gas field and Brockham and Lidsey oil fields and the results of the analysis can be summarised as follow:

- The estimated natural gas price would need to fall by circa 5 percentage points lower than the basis assumption before an impairment of the Saltfleetby gas field would need to be considered.
- The estimated brent crude price would need to fall by circa 10 percentage points lower than the base assumption for Brockham before an impairment of the respective oil fields would need to be considered.

In performing impairment review, the Group assessed the economic value of individual production assets. Following the Company's analysis of the re-mapping of the Lidsey structure, the company has decided, for the time being, not to continue with any further exploration at the site. Instead, it has focused its attention on re-starting production from the Lidsey X2 well, which has previously produced from the Jurassic Great Oolite Limestones. On this basis it has considered an Impairment on Lidsey of £3.717m.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Exploration and evaluation assets

	Total £'000
Cost or valuation	
At 1 October 2021	13,073
Additions	12,338
Increase abandonment provision	12
Acquisition Saltfleetby Energy Limited	54,535
Transfer to Oil and Gas Production Asset	<u>(74,386)</u>
At 1 October 2022	5,572
Additions	52
Increase abandonment provision	4
At 30 September 2023	<u>5,628</u>

Saltfleetby went into production on 30 August 2022. In line with the company's accounting policy the asset has been reclassified as an Oil & Gas Production Asset, this relates to the £74.386m in the above note.

In performing impairment review, the Group assessed the economic value of individual exploration and evaluation (E&E) assets and had considered no indication for impairment to these E&E assets. In respect of Balcombe, the Directors have considered the likelihood of a successful appeal. Should the appeal be unsuccessful the management will consider further legal options and assess whether an impairment is necessary. See Strategic Review on page 6.

Additional cost related to Exploration assets, which are directly attributable to the qualifying asset that necessarily takes substantial time to prepare, are capitalized as part of the cost of the respective asset and it consist of interest and other cost in connection with the borrowing of the funds. In 2023, total capitalised Interest on Loan amounts to £Nil (2022: £899,000) and total capitalised commitment fee amounts to £Nil (2022: £585,000)

13. Subsidiaries

The details of the subsidiaries are as follows:

Name of subsidiary/ place of incorporation	Principal activity
Angus Energy Holdings UK Limited	Investment holding company
Angus Energy Weald Basin No.1 Limited	Investment holding company
Angus Energy Weald Basin No.2 Limited	Investment holding company
Angus Energy Weald Basin No.3 Limited*	Oil extraction for distribution to third parties
Angus Energy North America Limited	Dormant company
Saltfleetby Energy Limited **	Natural Gas Extraction

* indirect wholly owned by Angus Energy Weald Basin No.2 Limited (AEWB2).

**Saltfleetby Energy Limited was acquired by the Group on 24 May 2022, see further details on Note 30.

The registered office address of the respective entity as follow:

Registered address	Name of subsidiary
Building 3 Chiswick Park, 566 Chiswick High Road, London, W4 5YA.	Angus Energy Weald Basin No.2 Limited Angus Energy North America Limited Saltfleetby Energy Limited
5 South Charlotte Street, Edinburgh, Scotland, EH2 4AN	Angus Energy Holdings UK Limited Angus Energy Weald Basin No.1 Limited Angus Energy Weald Basin No.3 Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Available for sale financial investments

	2023 £'000	2022 £'000
At 1 October	20	28
Loss on revaluation for the year	(9)	(8)
At 30 September	<u>11</u>	<u>20</u>

Financial investments are shares held in Alba Mineral Resources Plc (Alba) consisting of 12,407,910 shares. The shares represent consideration received by Angus for the disposal of Alba's 5% interest in the Brockham oilfield.

The changes in the value of these investments have been determined directly by reference to the published price quoted on AIM at reporting date.

15. Trade and other receivables

	2023 £'000	2022 £'000
Current		
Accrued sales income	2,121	2,975
Amounts due from farmees	195	3
Rent deposit	130	4
VAT recoverable	196	206
Other receivables	334	919
TOTAL	<u>2,976</u>	<u>4,107</u>

The carrying amount of trade and other receivables approximates to their fair value.

	2023 £'000	2022 £'000
Trade and other receivables	3,080	4,211
Less: Impairment allowance	(104)	(104)
	<u>2,976</u>	<u>4,107</u>

16. Inventory

	As at 30 September	
	2023 £'000	2022 £'000
Inventory		
Acquired with Saltfleetby Energy Limited	3	3
Write-off	(3)	-
Total	<u>-</u>	<u>3</u>

Stocks Inventories held are raw materials and consumables that have been acquired by the Group through its acquisition of Saltfleetby Energy Limited. They have been valued at net realisable value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Share capital and Share Premium

Allotted, called up and fully paid:

	Issue price In pence	Number of shares	Ordinary share capital £'000	Share premium £'000
Ordinary share of £0.002 each				
As at 30 September 2021		966,502,269	1,933	23,605
Issue of shares 4 November 2021	0.002	11,200,000	22	-
Issue of shares 5 November 2021	0.65	115,384,611	231	519
Issue of shares 4 February 2022	0.8	175,000,000	350	1,050
Issue of shares 16 March 2022	0.8	39,200,000	78	235
Issue of shares 11 April 2022	1.1	61,363,634	123	552
Issue of shares 24 May 2022	1.09896	91,000,000	182	818
Issue of shares 24 May 2022	1.2	546,000,000	1,092	5,460
Issue of shares 24 May 2022	1.0989	273,000,000	546	2,454
Issue of shares 24 May 2022	0.9429	5,000,000	10	37
Issue of shares 4 July 2022	1.0989	273,000,000	546	2,454
Issue of shares 12 July 2022	1.0989	27,300,000	54	245
Issue of shares 13 July 2022	1.2	403,226	2	4
Issue of shares 13 July 2022	0.9	150,000	1	1
Issue of shares 13 July 2022	1.2	5,250,000	10	53
Issue of shares 5 September 2022	0.65	3,461,538	7	15
Issue of shares 5 September 2022	0.8	8,750,000	17	52
Issue of shares 5 September 2022	0.9	5,405,555	11	38
Issue of shares 5 September 2022	1.1	3,068,182	6	28
Issue of shares 5 September 2022	1.2	8,750,000	18	88
Issue of shares 5 September 2022	1.35	4,375,000	9	50
Issue of shares 5 September 2022	1.5	4,375,000	9	56
Issue of shares 13 September 2022	0.974	18,025,596	36	140
Issue of shares 13 September 2022	1.2	5,370,967	11	53
Issue of shares 13 September 2022	1.35	1,193,549	2	14
Issue of shares 13 September 2022	1.5	2,685,484	5	35
Issue of shares 16 September 2022	1	15,000,000	30	120
Issue of shares 16 September 2022	1.2	25,774,375	52	257
Issue of shares 16 September 2022	1.35	12,731,187	25	146
Issue of shares 16 September 2022	1.5	11,731,188	23	153
Issue of shares 23 September 2022	1.2	21,100,000	42	211
Issue of shares 23 September 2022	1.35	12,162,903	24	140
Issue of shares 23 September 2022	1.5	10,550,000	22	137
Less: Issuance of costs		-	-	(512)
At 30 September 2022		2,764,264,264	5,529	38,708
Issue of shares 14 October 2022	1.0989	127,400,127	255	1,145
Issue of shares 28 October 2022	1.0989	10,193,759	20	92
Issue of shares 2 November 2022	1.0989	36,599,864	73	329
Issue of shares 21 November 2022	1.35	156,000	0.5	2
Issue of shares 21 November 2022	1.5	156,000	0.5	2
Issue of shares 8 December 2022	1.2	250,000	0.5	3
Issue of shares 8 December 2022	1.35	125,000	0.25	1
Issue of shares 8 December 2022	1.5	125,000	0.25	1
Issue of shares 19 December 2022	1.65	341,219,000	682	4,940
Issue of shares 20 January 2023	1.65	89,781,000	180	1,302
Issue of shares 20 January 2023	1.65	60,606,061	122	879
Issue of shares 25 January 2023	1.2	806,452	2	8
Issue of shares 25 January 2023	1.35	403,226	0.5	5
Issue of shares 25 January 2023	1.5	403,226	0.5	5
Issue of shares 5 February 2023	1.2	1,612,903	3	16
Issue of shares 4 April 2023	1	145,293,100	290	1,162

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Share Capital and Share Premium (continue)

Issue of shares 6 April 2023	1.3638	10,998,719	22	128
Issue of shares 21 July 2023	0.9534	31,466,331	63	237
Issue of shares 20 September 2023	1	5,000,000	10	40
Less: Issuance of costs		-	-	(3,505)
At 30 September 2023		3,626,860,032	7,254	45,500

On 14 October 2022, the company issued 127,400,127 ordinary shares at 1.0989 pence per share. They were issued in relation to an exercise of Company Warrants.

On 28 October 2022, the company issued 10,193,759 ordinary shares at 1.0989 pence per share. They were issued in relation to an exercise of Company Warrants.

On 2 November 2022, the company issued 36,599,864 ordinary shares at 1.0989 pence per share. The shares were issued in relation to an exercise of Company Warrants.

On 21 November 2022, the company issued 156,000 shares at 1.35 pence per share and 156,000 at 1.5 pence per share. They were issued in relation to an exercise of Company Warrants.

On 8 December 2022, the company issued 250,000 shares at 1.2 pence per share, 125,000 shares at 1.35 pence per share and 125,000 at 1.5 pence per share. They were issued in relation to an exercise of Company Warrants.

On 19 December 2022, the Company issued 341,219,000 ordinary shares at 1.65 pence per share, raising gross proceeds of £5,630,113.

On 20 January 2023, the Company issued 89,781,000 ordinary shares at 1.65 pence per share, raising gross proceeds of £1,481,387 (in addition to the ordinary shares raised on 19 December 2022) and 60,606,061 ordinary shares at 1.65 pence per share to settle £1,000,000 deferred consideration of purchasing Saltfleetby Energy Limited on 22 May 2022.

On 25 January 2023, the company issued 806,452 shares at 1.2 pence per share, 403,226 shares at 1.35 pence per share and 403,226 at 1.5 pence per share. They were issued in relation to an exercise of Company Warrants.

On 5 February 2023, the company issued 1,612,903 shares at 1.2 pence per share. They were issued in relation to an exercise of Company Warrants.

On 4 April 2023, the Company issued 145,293,100 ordinary shares at 1 pence per share to Knowe Properties Limited to settle the £1.4m Convertible Loan Note plus accrued interest of £52,931.

On 6 April 2023, the Company issued 10,998,719 ordinary shares at 1.3638 pence per shares. The shares were fees shares relating to £3,000,000 bridge loan facility agreed on 28 March 2023;

On 21 July 2023, the Company issued 31,466,331 ordinary shares at 0.9534 pence per share. The shares were fees shares relating to £6,000,000 bridge loan facility agreed on 14 July 2023;

On 20 September 2023, the Company issued 5,000,000 ordinary shares at 1 pence per share. The shares were issued to the Lenders or their representatives in lieu of a cash facility fee pursuant to the Company's Saltfleetby Loan Development Facility at or around the first anniversary of the Loan Completion;

As at 30 September 2023 the total issued ordinary shares of the Company were 3,626,860,032 (2022: 2,764,264,264)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Share-based payments

In 2016, the Group implemented an Enterprise Management Incentive Scheme followed by a NED and Consultant Share Option Scheme (The Scheme).

At 30 September 2023, the following share options and warrants were outstanding in respect of the Ordinary shares:

Exercise price	Outstanding as at 01 Oct 2022	Granted during the year	the	No. of options surrendered during the year	Exercised during the year	Outstanding and exercisable as at 30 September 2023	Final expiry dates
£0.06	16,850,892	-	-	(1,074,901)	-	15,775,991	13 Nov 2026
£0.09	1,050,000	-	-	-	-	1,050,000	13 Nov 2026
£0.08	10,050,000	-	-	(650,000)	-	9,400,000	24 Aug 2028
£0.02	23,400,000	-	-	(3,100,000)	-	20,300,000	15 Jul 2029
£0.015	25,250,000	-	-	(750,000)	-	24,500,000	31 Mar 2031
£0.012	21,101,432	-	-	(20,554,557)	(546,875)	-	27 January 2023
£0.0135	10,787,361	-	-	(10,513,924)	(273,437)	-	27 January 2023
£0.015	11,908,328	-	-	(11,634,890)	(273,438)	-	27 January 2023
£0.010989	173,100,000	-	-	-	(173,100,000)	-	5 July 2027
£0.02	-	156,500,000	-	-	-	156,500,000	9 October 2026
£0.018	-	98,000,000	(28,000,000)	-	-	70,000,000	16 April 2033
£0.0165	-	341,633,886	-	-	-	341,633,886	20 June 2026
£0.0165	-	150,000,000	-	-	-	150,000,000	24 March 2026
Warrant	216,897,121	519,633,886	(43,704,272)	(174,193,750)	-	518,632,985	
Share options	76,600,892	254,500,000	(32,574,000)	-	-	270,526,892	

The weighted average exercise price of share options and warrants was £0.0195 at 30 September 2023 (2022: £0.01784). The weighted average remaining contractual life of options outstanding at the end of the year was 3 years (2022: 4 years). The weighted average fair value of share option was £0.0128 (2022: £0.0148) each on the grant date. The vesting criteria of the share options are subject to share price growth reaching the target level.

These fair values were calculated using the Black Scholes warrant pricing model. The inputs into the model were as follows:

	Options	Options	Warrants	Warrants	Warrants
Stock price	1.95p	1.73p	1.5p	1.5p	1.5p
Exercise price	2.0p	1.8p	1.65p	1.65p	1.65p
Risk-free rate	3.5%	3.5%	3.5%	3.5%	3.5%
Volatility	75.84%	75.84%	75.84%	75.84%	75.84%
Time to maturity	10 years	10 years	3 years	4 years	6 years

The Group recognised a share-based payment charge of approximately £1.377m (2022: £0.811m) relating to the options issued in the period. The Group recognised finance costs of £1.663m (2022: £nil) relating to the warrants issued as part of the loans made during the period.

No options were exercised in both reporting year 2022 and 2023. There were 28,000,000 share options cancelled and 5,574,000 surrendered during 2023. There were 174,193,750 Warrants exercised and 42,703,372 expired during 2023. There remain 297,525,991 options and 491,633,885 warrants outstanding and exercisable as at 30 September 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Reserves

	2023	2022
	£'000	£'000
Merger reserve	<u>(200)</u>	<u>(200)</u>

Merger reserve

The merger reserve arose on the acquisition of Angus Energy Holdings Limited by the Company.

20. Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit or loss for the year attributable to equity holders of the Group by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS amounts are calculated by dividing the profit or loss for the year attributable to equity holders of the Group by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The earnings per share information based upon the 3,626,860,032 ordinary shares are as follows:

	2023	2022
	£'000	£'000
Net profit /loss attributable to equity holders of the parent company	<u>117,810</u>	<u>(111,947)</u>
Weighted average number of basic ordinary shares	<u>3,385,813,578</u>	<u>1,648,593,936</u>
Basic EPS (in pence)	<u>3.48</u>	<u>(6.79)</u>
	2023	2022
	£'000	£'000
Net profit /loss attributable to equity holders of the parent company	<u>117,810</u>	<u>(111,947)</u>
Weighted average number of diluted ordinary shares	<u>4,046,981,983</u>	<u>1,648,593,936</u>
Basic EPS (in pence)	<u>2.91</u>	<u>(6.79)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. Trade and other payables

	2023	2022
	£'000	£'000
Due within one year		
Trade payables	4,249	2,319
Convertible loan note	-	1,319
Deferred consideration on Saltfleetby Energy Limited acquisition	5,244	6,734
Lease liability	17	35
Accruals	176	62
Interest payable – loan	315	392
Other payables	269	293
	<u>10,270</u>	<u>11,154</u>
Due after more than one year		
	2023	2022
	£'000	£'000
Lease liabilities	23	52
	<u>23</u>	<u>52</u>

The carrying amount of trade and other payables approximates to their fair value.

On 4 April 2023, the Company issued 145,293,100 ordinary shares at 1 pence per share to Knowe Properties Limited to settle the £1.4m Convertible Loan Note issued on 20 April 2022, plus accrued interest of £52,931.

On 24 May 2022, the Company executed a share purchase agreement to acquire the entire issued share capital of Saltfleetby Energy Limited from Forum Energy Services Limited, giving the Company 100% ownership of the Saltfleetby Gas Field. The total effective consideration payable pursuant to the SPA is the sum of £14,052,000 of which up to £6,250,000 is deferred consideration and £484,000, representing the debt free cash free amount, to be paid in instalments from net cash payments to Angus Energy from the Project through to 31 March 2025 (and subject to an upward or downward net cash adjustment) as and when those payments would have been available to Saltfleetby Energy Limited under the Company's Senior Debt Facility of May 2021. It is expected that all material payments will be paid within 24 months following the new loan facility from Trafigura.

22. Provisions for other liabilities and charges

	2023	2022
	£'000	£'000
Abandonment costs		
Balance b/fwd	4,369	3,007
Abandonment cost incurred through acquisition of Saltfleetby Energy Limited	-	1,225
Increased provision for Saltfleetby	288	-
Increased provision Brockham	128	63
Increased provision for Lidsey	176	62
Increase provision Balcombe	9	12
Balance c/fwd	<u>4,970</u>	<u>4,369</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The Group makes full provision for the future costs of decommissioning oil and gas production facilities and pipelines on the installation of those facilities. The above provision was calculated over a 5 to 10 year period, depending on when the producing oil and gas properties are expected to cease operations. This is entirely dependent on economic factors which include commodity pricing, the performance and the reserves of the Asset.

These provisions have been created based on the Group's internal estimates and expectations of the decommissioning costs likely to incur in the future. For the period under review, the directors have assessed that the discount rate and inflation rate to be applied to the current cost of decommissioning to be similar. On this basis, the current cost is considered to be similar to the discounted net present value.

23. Convertible loan

On 20 October 2021, the Company agreed an extension of the £1.4m Convertible Loan Note repayable on 17 April 2022 by a further 12 months until 17 April 2023.

On 4 April 2023, the Company issued 145,293,100 ordinary shares at 1 pence per share to Knowe Properties Limited to settle and convert the £1.4m Convertible Loan Note issued on 20 April 2022, plus accrued interest of £52,931. The equity element of the convertible loan note recognized at £106,000 is reversed upon conversion of the loan.

24. Loan Payable

£12m Loan Facility

On 17 May 2021, the Group signed a Loan Facility, conditional on the setting of the hedge (see Note 25) and regulatory approval of the royalty from the NSTA, between Angus Energy and Saltfleetby Energy Limited and Mercuria Energy Trading Limited and Aleph Saltfleetby Limited as the co-Lender. The term of the Loan Facility provides for a four year amortisation loan facility of up to £12 million with a 12% margin over LIBOR, a 3% commitment fee payable out of the facility, a share granted of 30 million shares in Angus, issued over the life of the facility and an override of 8% of gross revenue following the repayment of the facility.

The £12 million facility was required for the re-development of the Saltfleetby Gas Field and the drilling of the side-track well in line with the Field Development Plan and the Plans for the acceleration of production through the fast-tracking of the side-track well.

	2023	2022
	£'000	£'000
Repayment date schedule are as follows:		
Current		
30 September 2024	4,200	5,250
Non-Current		
30 September 2025	3,013	4,200
31 March 2025	-	2,100
Total Facility Loan	£7,213	£11,550

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

£3m Bridge Loan

On 28 March 2023, the Company entered into a GBP 3 million junior debt facility (the "Bridge Facility"). The Bridge Facility has an initial term of three months, extendable with the payment of a 3% roll fee for a further three months. The Bridge Facility is priced at SONIA + 15% and committed the Company to issue 150 million warrants, struck at 1.65p/share. The Bridge Facility was then rolled according to its terms by a further three months with a final maturity date of 28 September 2023.

£3m Bridge Loan	2023	2022
	£'000	£'000
Principle	3,000	-
Interest and fees	406	-
	<u>3,406</u>	<u>-</u>

On 30 October 2023, and previously announced on 28 September 23, Kemexon Ltd agreed to convert its £3m Junior Bridge Facility, together with interest and fees, into equity in the Company at a price of 0.66 pence per share. Accordingly, the Company issued 516,033,308 ordinary shares at 0.66 pence per share.

£6m Bridge Loan

On 21 July 2023, entered into a GBP 6 million junior debt facility (the "2nd Bridge Facility") with Aleph Finance Limited ("AFL"), an associate of the Company's Substantial Shareholder Aleph Commodities Limited ("ACL"). The 2nd Bridge Facility has an initial term of three months, extendable, at the option of the Company, for a further 3-month period. Thereafter any roll is with mutual agreement. A roll fee of 3% applies. Interest on the Bridge Facility, which is payable quarterly, is capitalized on each 3-month period and added to loan balance. There is no exit fee. A 3% penalty fee applies should the Bridge Facility be repaid earlier than its stated maturity.

The Bridge Facility is priced at SONIA (Sterling Overnight Index Average) + 15% . The Company will also issue 300 million 3 year warrants to ACL (or associates or parties nominated by ACL) at a strike of 1.5p per share. The warrant strike price will adjust to the price of any equity issued during the term of the Bridge Facility if such equity issuance is at a price which is lower than the Warrant strike price.

The Bridge Facility was then rolled according to its terms by a further three months and then again by one month with a final maturity date of 19 February 2024. The loan was repaid in full on 22 February 2024 out of the proceeds of the £20m refinancing.

£6m Bridge Loan	2023	2022
	£'000	£'000
Principal	6,000	-
Interest and fees	223	-
	<u>6,223</u>	<u>-</u>

LOAN PAYABLES SUMMARY:

	2023	2022
	£'000	£'000
CURRENT		
£12M Loan Facility	4,200	5,250
£3M Bridge Loan	3,406	-
£6M Bridge Loan	6,223	-
	<u>13,829</u>	<u>5,250</u>
NON-CURRENT		
£12M Loan Facility	3,013	6,300
	<u>3,013</u>	<u>6,300</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. Derivative Liability

On 01 June 2021, Angus Energy Weald Basin no. 3 Limited (AWB3) entered into a derivative agreement with Mercuria Energy Trading SA (METS) under a Swap contract as part of the condition of the Loan Facility (see Note 24). The derivative instrument was used to mitigate price risk on the expected future cash flow from the production of Saltfleetby Gas Field. Under the Swap contract, AWB3 will pay METS the floating price while METS will pay AWB3 the fixed price on the sale of gas from the field.

Due to the delay in the production of the Saltfleetby field, which further pushed first gas production to 30 August 2022, the hedge profile had been revised. The Company's hedge counterparty agreed to allow the Company to crystallise (i.e. unwind) 50% of its forward hedge liability from Q3 2024 to the end of the hedge profile in June 2025. Settlement for each unwind is deferred until the periods in question and no interest is being charged. The resulting revised hedge profile as at 30 September 2023 as shown below:

Further details of the contract as at 30 September 2023 are as below:

Period of Gas Production		Quantity in Therms	Fixed price in pence per Therms
1-Oct-23	31-Mar-24	9,000,000	46.55
1-Apr-24	30-Jun-24	4,500,000	35.60
1-Jul-24	30-Sep-24	1,910,000	35.60
1-Jul-24	30-Sep-24	1,840,000	1.226*
1-Oct-24	31-Mar-25	3,860,000	45.00
1-Oct-24	31-Mar-25	3,640,000	1.370*
1-Apr-25	30-Jun-25	1,930,000	0.3525
1-Apr-25	30-Jun-25	1,820,000	1.070*
		28,500,000	

*crystallised hedges at fixed price

During the period, the Company realised a derivative cost of £19.963m.

As of the reporting date, the expected cash flow on the sale of natural gas amounted to £11.480m resulting in a loss of £21.714m of which the Group has now recorded a 100% share on its new working interest due to the acquisition of Saltfleetby Energy Limited. The resulting loss on the Swap contract was a result of the steep rise in the prices of natural gas affecting the Group as the floating price payer as of the reporting date.

The Group has recognized the gross liability at 100%, due to the acquisition of Saltfleetby Energy Limited (SEL) with a working interest of 49% plus the Group's working interest of 51% prior to acquiring SEL.

Cash Flow of Derivative Instruments	30 Sep 2024 £'000	30 Sep 2025 £'000	Total £'000
Cash Inflow	6,956	4,524	11,480
Cash Outflow	(19,783)	(13,411)	(33,194)
Net Liability on Swap Contract	(12,827)	(8,887)	(21,714)

Specific valuation technique used to value the financial instruments includes fair value measurement derived from inputs other than quoted prices included within Level 1 of fair value hierarchy valuation, that are observable for the instrument either directly or indirectly (see accounting policy for Derivatives Instrument).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The carrying value of the financial instrument approximates their fair value and was valued using Level 2 fair value hierarchy valuation. The fair value has been determined with reference to commodity yield curves, as adjusted for liquidity and trading volumes as at the reporting date supplied by the Group's derivative partner, Mercuria Energy Trading. Management has carried out its own valuation of the hedge using the same method. Future dated market prices have been taken from the Heren Report dated 30 September 2023. This has resulted in a liability of £22,094m and represents a 0.98% variance to Mercuria's calculation. Management considered that the value provided by Mercuria Energy Trading best represented the fair value of these arrangements as the forward pricing curves did not take into account other market conditions. This is a key estimate and has been disclosed in note 4.

The nature of these arrangements in the present environment is such that material fluctuations in the value of the derivatives are occurring on a daily basis. Wholesale gas prices have increased substantially since entering into the contracts, but remain highly volatile, and as a result, the loss on these contracts has also increased significantly.

The loss on these contracts at 30 September 2023 represents the forecast spot-price value of the gas to be extracted against the value fixed to be provided to the Group. Under projected gas production volumes, these arrangements will fix the amount payable to the group for the contracted volumes, with any excess volume being able to be sold at the available spot price.

In the event that the Group does not meet its production timetable, the swaps will crystallise as a liability at the dates at the proposed periods of gas production in the swap agreements.

26. Financial instruments

The Group's principal financial instruments comprise cash and cash equivalents, trade and other receivables, derivative instruments and trade and other payable. The Group's accounting policies and method adopted, including the criteria for recognition, the basis on which income and expenses are recognised in respect of each class of financial assets, financial liability and equity instrument are set out in Note 3. The Group do not use financial instruments for speculative purposes.

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

	Financial Asset at amortised cost	Financial Liabilities at amortised cost	Financial Liabilities at fair value through profit and loss	TOTAL
30 September 2023				
Asset				
Trade and other receivables	2,976	-	-	2,976
Cash and cash equivalents	2,172	-	-	2,172
Total financial assets	5,148	-	-	5,148
Liabilities				
Trade and other payable	-	5,010	-	5,010
Deferred consideration on acquisition of Saltfleetby Energy Limited	-	5,244	-	5,244
Lease liabilities	-	40	-	40
Debt financing	-	16,841	-	16,841
Derivative liability	-	-	21,714	21,714
Total financial liabilities	-	27,135	21,714	48,849

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

	Financial Asset at amortised cost	Financial Liabilities at amortised cost	Financial Liabilities at fair value through profit and loss	TOTAL
30 September 2022				
Asset				
Trade and other receivables	4,107	-	-	4,107
Cash and cash equivalents	747	-	-	747
Total financial assets	4,854	-	-	4,854
Liabilities				
Trade and other payable	-	3,066	-	3,066
Deferred consideration on acquisition of Saltfleetby Energy Limited	-	6,734	-	6,734
Convertible loan notes	-	1,319	-	1,319
Lease liabilities	-	87	-	87
Debt Financing	-	11,550	-	11,550
Derivative Liability	-	4,175	154,505	158,680
Total financial liabilities	-	26,931	154,505	181,436

Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while attempting to maximise the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the group consists of issued capital (see note 17) and external loans (see note 24). Post the year end, the Company reorganised its external debt with a £20m senior secured loan (see note 32).

Credit risk

Credit risk is the risk that a counter-party will cause a financial loss to the Group by failing to discharge its obligations to the Group. The Group manages its exposure to this risk by applying limits to the amount of credit exposure to any one counterparty and employs strict minimum credit worthiness criteria as to the choice of counterparty. The maximum exposure to credit risk for receivables and other financial assets is represented by their carrying amount. As described in note 15, the Group recognised an impairment provision of £104,000 in 2021 against the amount due from farmees that are past due in the year.

Fair values

Management assessed that the fair values of cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Interest rate risk

The Group and company's policy is to fund its operations through the use of retained earnings and equity. The Group exposure to changes in interest rates relates primarily to cash at bank, loan facility and amount owed by related parties. Cash is held either on current or short term deposits at a floating rate of interest determined by the relevant bank's prevailing base rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Interest rate sensitivity

The following table demonstrates the sensitivity to reasonably possible changes in the interest add-on rate for the £12 million loan with the principal interest rate held constant at 12% and the Bridge Loans with the principal interest rate held constant at 15% (see Note 24). The add-on-interest rate is linked to SONIA (Sterling Over Night Indexed Average) and based on September 2023 average of 5.24% it had an immaterial impact of £7,000.

Increase/decrease in add-on Interest rate	Increase / (decrease)	
	30 September	
	2023	2022
	£	£
+ 10%	64	22
- 10%	<u>(64)</u>	<u>(22)</u>

Foreign currency exchange risks

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of the changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

The Group does not hedge its foreign currencies. Transactions with customers regarding oil sales are denominated in US Dollars. The Group has bank accounts in US Dollars to mitigate against the exchange risks which is very minimal to its value. At 30 September 2023, the GBP cash balance held denominated in USD was £323 (2022; £19,869).

Liquidity risks

The principal risk to the Group is liquidity, which arises from the Group's management of working capital. It is a risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. This aspect is kept under review by the directors and in this respect, management carries out rolling 12 month cash flow projections on a monthly basis as well as information regarding cash balances. It is the Group's policy as regards liquidity to ensure sufficient cash resources are maintained to meet short-term liabilities.

The maturity profile of the Group's financial liabilities at the reporting dates based on contractual undiscounted payments are summarised below:

	2023	2022
	£'000	£'000
Trade and other payable		
Within one month	3,564	454
Within two to three months	1,463	2,612
Within four to twelve months	5,243	8,088
	<u>10,270</u>	<u>11,154</u>
	2023	2022
	£'000	£'000
Lease liabilities		
Within one month	-	-
Within two to three months	-	-
Within four to six months	23	35
Within six to twelve months	-	-
More than twelve months	17	52
	<u>40</u>	<u>87</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

	2023 £'000	2022 £'000
Loan liabilities		
Within one month	9,629	1,050
Within two to three months	1,050	1,050
Within four to six months	1,050	1,050
Within six to twelve months	2,100	2,100
More than twelve months	3,013	6,300
	<u>16,842</u>	<u>11,550</u>

	2023 £'000	2022 £'000
Derivative liabilities		
Within one month	874	6,754
Within two to three months	1,903	14,412
Within four to six months	3,493	24,663
Within six to twelve months	6,557	40,754
More than twelve months	8,887	72,097
	<u>21,714</u>	<u>158,680</u>

Commodity price risk

The Group is exposed to the risk of fluctuations in prevailing market commodity prices of oil and gas products it produces. The table below summarised the impact on profit before tax for changes in commodity prices

Commodity price sensitivity

The analysis is based on the assumption that the crude oil and natural gas prices move 10% resulting in a change of US\$7.71/bbl for crude oil and GBP 0.11/Therm for natural gas sales for 2023, with all other variables held constant. Reasonably possible movements in commodity prices were determined based on a review of the average spot prices at each reporting periods.

Increase/decrease in crude oil prices	Increase / (decrease) in profit before tax for the year ended 30 September	
	2023 £'000	2022 £'000
Average spot price increased by 10%	143	11
Average spot price decreased by 10%	<u>(143)</u>	<u>(11)</u>

Increase/decrease in gas prices	Increase / (decrease) in profit before tax for the year ended 30 September	
	2023 £'000	2022 £'000
Average spot price increased by 10%	2,683	306
Average spot price decreased by 10%	<u>(2,683)</u>	<u>(306)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27. Net debts reconciliation

The below table sets out an analysis of net debt and the movement in net debt for the years presented

	2023	2022
	£'000	£'000
Cash and cash equivalent	2,172	747
Convertible loan note (note 23)	-	(1,433)
Loan payable (note 24)	(7,213)	(11,550)
Bridge Loans (note 25)	(9,000)	-
Deferred consideration on Saltfleetby Energy Limited acquisition	(5,244)	(6,734)
Net debt	(19,285)	(18,970)

	Cash and cash equivalents	Convertible loan note	Loans	Bridge Loans	Deferred consideration on acquisition of SEL	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Net debt as at 1 October 2021	6,160	(1,433)	(12,000)	-	-	(7,273)
Cash flow	(15,427)	-	-	-	-	(15,427)
Issue of new equity (net proceeds)	10,464	-	-	-	-	10,464
Saltfleetby acquisition cost	-	-	-	-	(6,734)	(6,734)
Facility Loan repayment	(450)	-	450	-	-	-
Net debt as at 30 September 2022	747	(1,433)	(11,550)	-	(6,734)	(18,970)
Net debt as at 1 October 2022	747	(1,433)	(11,550)	-	(6,734)	(18,970)
Cash flow	(11,266)	-	-	-	-	(11,266)
Convertible Loan notes	-	1,433	-	-	-	1,433
Issue of new equity (net proceeds)	8,518	-	-	-	1,000	9,518
Bridge Loans	9,000	-	-	(9,000)	-	-
Deferred consideration payment	(490)	-	-	-	490	-
Facility Loan repayment	(4,337)	-	4,337	-	-	-
Net debt as at 30 September 2023	2,172	-	(7,213)	(9,000)	(5,244)	(19,285)

28. Lease asset and liabilities

The Groups lease assets are offices. Leases to explore for or use minerals, oil, natural gas and similar non-regenerative resources are outside the scope of IFRS 16 and therefore the leases that the Group have for the various sites are outside the scope given these leases are wholly for the purposes of exploration and extraction from the leased land only. Key movements relating to the lease balances are presented below.

	As at 30 September	
	2023	2022
	£'000	£'000
Leased assets		
Balance	81	11
New leases in the year - discounted	-	97
Depreciation charged	(55)	(27)
Total	26	81

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The maturity of the lease liability are as follows:

	As at 30 September	
	2023	2022
	£'000	£'000
Leased liabilities		
Balance	87	12
New Leases in the year	-	105
Payments	(47)	(30)
Total	40	87
Leases which expire:		
Not later than one year	17	35
Later than one year and not later than five years	23	52
More than five years	-	-
Total	40	87

29. Commitments

At 30 September 2023, the Group had a contractual capital commitments of NIL (2022 £0.245m) in respect to the Group's Saltfleetby development activities.

30. Acquisition of Saltfleetby Energy Limited

In 24 May 2022, the Group has executed a Share and Purchase Agreement (SPA) with Forum Energy Service Limited to acquire the entire issued capital of Saltfleetby Energy Limited which owns the 49% working interest and the sole project partner in one of the key asset of the Company which is the Saltfleetby Gas Field, thereby giving the Company a 100% interest in the project.

The total effective consideration payable pursuant to the SPA is the sum of £14,052,000 which comprise of the following:

- £250,000 to be paid in cash at Completion;
- the issue of 91 million Ordinary Shares at 1.09896011 pence per share (the "Funding Price") at Completion (the "Initial Consideration Shares");
- the issue and allotment of the 546,000,000 Ordinary Shares at a price of 1.2 pence per Ordinary Share (the ("Acquisition Price") at Completion (the "Additional Consideration Shares"); and
- up to £6,250,000 and additional £484,000 deferred consideration to be paid in instalments from net cash payments to Angus Energy from the Project through to 31 March 2025. At the reporting date the outstanding deferred consideration is £5,244,000 after settlement of £1,000,000 in ordinary shares and warrants and payments in cash of £490,000;

On the acquisition date, Saltfleetby Energy Limited had a net asset value of £12.581m before its share in Derivative Liability of the hedging instrument valued at £35.228m on its 49% share as a partner.

The Derivative Liability is also considered a related liability arising from the hedging of gas sales and further discussed in Note 25.

With the consolidation of the partner's 49% holdings on the asset. The Company is successful in progressing the asset to its production stage with first gas achieved in September 2022 continuing to generate Revenue for the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31. Related Party transactions

Amounts due at the year end to Forum Energy Services Limited are £5,244,000 (2022: £6,734,000) (see note 21). Forum Energy Services Limited is a related party by virtue of Paul Forrest joining the board of Angus Energy Plc on 18 July 2022 and being the majority of Forum Energy Services Limited.

Aleph Commodities Limited ("ACL") and its associates are Substantial Shareholders in the Company and accordingly ACL and its associates, which includes Aleph Finance Limited, are related parties under the AIM Rules. Therefore, both the first and second Bridge Facility (see note 25) and associated warrants and fees are related party transactions under the AIM Rules.

Kemexon Ltd, the lender of the Bridge Loan (see note 25), is a Substantial Shareholder in the Company as defined under the AIM Rules, and therefore the conversion of The Bridge Facility is a Related Party Transaction under AIM Rule 13.

32. Subsequent events

On 30 October 2023, and previously announced on 28 September 2023, Kemexon Ltd agreed to convert its £3m Junior Bridge Facility, together with interest and fees, into equity in the Company at a price of 0.66 pence per share. Accordingly, the Company issued 516,033,308 ordinary shares at 0.66 pence per share.

On 22 February 2024, the Company announced that terms had been agreed with a subsidiary of Trafigura Group PTE Ltd ("Trafigura ") for a refinancing of its existing debt. The Company signed definitive loan documentation which allows it to draw down in full on the £20 million loan facility (the "Facility") with Trafigura. The existing senior debt of £4.56 million was transferred to Trafigura and the proceeds of the Facility will be applied to repay the bridge facility of £6 million, and £1.75 million of Forum Energy's deferred consideration from the sale of Saltfleetby Energy Limited's 49% interest in the Saltfleetby Field to Angus in 2022. The balance of funds from the Facility would be used to pay legacy creditors and invest in wells and equipment to increase gas production from Saltfleetby and restart oil production from the Brockham Field in Southern England. The existing security package encompassing first fixed and floating charges over all the Group's leases, licences and equipment has been novated to Trafigura as has the Gas Sales Agreement with Shell Trading Europe Limited. The existing hedge contract was replaced with a gas offtake, with embedded price protection.

On 6 March 2024, the Company issued 25,000,000 Ordinary Shares at 0.4 pence per share in relation to a £750,000 fee for structuring and assistance in securing the Trafigura £20 million Loan Facility. The total number of fee shares is 187,500,000. The balance to be issued after receiving additional authorities at the General Meeting on 14th March 2024.

COMPANY STATEMENT OF FINANCIAL POSITION

	Note	2023 £'000	2022 £'000
ASSETS			
Non-current assets			
Investment	5	56,455	38,632
Total non-current assets		56,455	38,632
Current assets			
Trade and other receivables	6	170	207
Cash and cash equivalents		395	534
Total current assets		565	741
TOTAL ASSETS		57,020	39,373
EQUITY			
Equity attributable to owners of the parent:			
Share capital	8	7,254	5,529
Share premium	8	45,500	38,708
Merger relief reserve		1,500	1,500
Loan note reserves		-	106
Accumulated loss		(14,200)	(14,719)
TOTAL EQUITY		40,054	31,124
Current liabilities			
Trade and other payables	7	7,337	8,249
Bridge Loans	9	9,629	-
Total current liabilities		16,966	8,249
Non-current liabilities			
Trade and other payables		-	-
Total non-current liabilities		-	-
TOTAL LIABILITIES		16,966	8,249
TOTAL EQUITY AND LIABILITIES		57,020	39,373

The loss for the Company for the year ended 30 September 2023 was £5,475,000 (2022: £2,168,000)

The note on page 78 to 80 form part of these of financial statements

The financial statements were approved by the Board of Directors and authorized for issue on and were signed on its behalf by:

Richard Herbert - Director

Company number: 09616076

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Share premium £'000	Merger relief reserve £'000	Loan note reserves £'000	Accumulated loss £'000	Total equity £'000
Balance at 1 October 2021	1,933	23,605	1,500	106	(13,362)	13,782
Loss for the year	-	-	-	-	(2,168)	(2,168)
Total comprehensive income for the year	-	-	-	-	(2,168)	(2,168)
Transaction with owners						
Issue of shares	3,596	15,615	-	-	-	19,211
Less: issuance costs	-	(512)	-	-	-	(512)
Grant of share options	-	-	-	-	811	811
Balance at 30 September 2022	5,529	38,708	1,500	106	(14,719)	31,124
Loss for the year	-	-	-	-	(5,475)	(5,475)
Total comprehensive income for the year	-	-	-	-	(5,475)	(5,475)
Transaction with owners						
Issue of shares	1,725	10,297	-	(106)	-	11,916
Less: issuance costs	-	(3,477)	-	-	-	(3,477)
Grant of share options	-	-	-	-	1,377	1,377
Grant of warrant as fund raise and finance cost	-	(28)	-	-	4,617	4,589
Balance at 30 September 2023	7,254	45,500	1,500	-	(14,200)	40,054

Share capital comprises the ordinary issued share capital of the company.

Share premium comprises of the excess above the nominal value of the new ordinary shares issued during the period.

The merger relief reserve represents the difference between the cost of the investment in Angus Energy Holding UK Limited (initially measured at fair value) and the nominal value of the shares transferred as consideration.

Retained earnings represent the aggregate retained earnings of the company.

The note on page 78 to 80 form part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. General information

The company was incorporated in England and Wales on 1 June 2015 as a private limited company. Its registered office is located at Building 3, Chiswick Park, 566 Chiswick High Street, London, W4, 5YA.

The financial information of the company is presented in British Pounds Sterling (“£”) and rounded into thousand (£’000).

2. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with the historical cost convention as modified by the revaluation of certain fixed assets. The financial statements have been prepared in accordance with FRS 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006. The principal accounting policies are described below. They have all been applied consistently throughout the period.

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

Investment

Investments in subsidiaries are stated at cost less provision for impairment. Where merger relief is applicable, the cost of the investment is recorded at the fair value on the date of the transaction. The difference between the fair value of the investment and the nominal value of the shares (plus the fair value of any other consideration given) is shown as a merger relief reserve and no share premium is recognised.

Cash and cash equivalents

Cash in the statement of financial position is cash held on call with banks.

Financial assets

The directors classify the company’s financial assets held at amortised cost less provisions for impairment. The directors determine the classification of its financial assets at initial recognition.

Creditors

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

Taxation

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

2. Accounting policies (continued)

Taxation (continued)

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Profit/(loss) for the financial period

The Company has taken advantage of section 408 of the Companies Act 2006 and, consequently, a profit and loss account for the Company alone has not been presented. The Company's loss for the financial period was approximately £5,475,000 (2022: £2,168,000).

4. Staff costs

There are four employees and five directors employed by the company. The directors are regarded as the key management and their remunerations are disclosed in note 8 to the consolidated financial statements.

5. Investment

	Cost of investment £'000	Loan to group undertakings £'000	Total £'000
At 1 October 2021	228	15,108	15,336
Movement of the intercompany loan for the year Saltfleetby Energy Limited investment	-	7,844	7,844
	15,452	-	15,452
At 30 September 2022	15,680	22,952	38,632
Movements of the intercompany loan for the year	-	17,823	17,823
At 30 September 2023	15,680	40,775	56,455

The details of the subsidiary are set out in note 13 to the consolidated financial statements.

The Company is required to assess the carrying value of each of its investments in subsidiaries and loans to group undertakings for impairment. To a large extent the oil & gas production assets and exploration and evaluation assets, which have been funded by loans from the Company, is represented by the value of the operating segment cash generating units. Recoverability of these loans is therefore dependent upon the operating segments producing sufficient cash surplus such that the segment achieves a positive net asset position.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

6.	Trade and other receivables	2023	2022
		£'000	£'000
	Other receivables	170	207
		<u>170</u>	<u>207</u>
7.	Trade and other payables	2023	2022
		£'000	£'000
	Trade payables	2,000	114
	Convertible loan note	-	1,319
	Deferred consideration on acquisition of Saltfleetby Energy Limited	5,244	6,734
	Other taxation	92	20
	Other payables	1	62
		<u>7,337</u>	<u>8,249</u>

The carrying amount of trade and other payables approximates to their fair value.

8. Share capital

The movement of share capital and share premium are set out in note 17 to the consolidated financial statements.

As at 30 September 2023 the total issued ordinary shares of the Company were 3,626,860,032 (2022: 2,764,264,264).

9. Bridge Loans

Further details of the Bridge Loans are included in Note 24 of the Notes to the consolidated Financial Statements.

10. Related Party transactions

See Note 31 of the Notes to the consolidated Financial Statements for further details of related party transactions.

11. Subsequent events

See Note 32 of the Notes to the consolidated Financial Statements for further details of subsequent events.



Contact

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