Company Number 123863C

Challenger Energy Group PLC

Annual Report and Financial Statements

For the year ended 31 December 2024

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Chairman's Letter to the Shareholders

Dear Shareholders,

It is my pleasure to report to you as Chairman of your Company.

In my last report I commented on our considerable progress with regard to our strategic objectives. Again I am pleased to report that through 2024 and the early part of 2025 we have continued to deliver considerable value to shareholders, which has been partially reflected in our market capitalisation: adding value for our Uruguay AREA OFF-1 and AREA OFF-3 licences, announcing the sale of our business in Trinidad and Tobago, exposing the Company to the wider and deeper US investment market, and all whilst maintaining a stringent cash policy resulting in capital requirements being funded for our foreseeable work programmes.

In Trinidad and Tobago, we announced a sale of the Company's subsidiary companies that consist of our whole business in that country. Assuming a successful completion of that transaction in 2025, we will have made the Company entirely focused on Uruguay. It is a credit to our team in Trinidad and Tobago that we continue to have safe and sustained operations whilst the sale progresses, and I take this opportunity of thanking that team on behalf of shareholders and the Board for their continued hard work and diligent approach in a period of change.

In Uruguay, we completed the farm-out of AREA OFF-1. We have worked extensively and proactively with Chevron since then to continue the pace of work on that block, and look forward to a successful start of seismic operations later this year. The technical work on AREA OFF-3 continues to progress as planned and the Company anticipates results of that work in Q3 2025, enabling us to commence a farmout process on that block. Overall, 2026 is shaping up to be a hugely exciting year for Challenger Energy in respect of our Uruguayan position. We remain unique as the only smaller cap company present in that region, holding substantial acreage positions in our blocks. Eytan gives far more detail on our plans in his CEO Report.

In May 2024, we reported on the strategic investment by Charlestown Energy in the Company. Robert Bose has proven to be a great addition to the Board. In addition, we have exposed our Company to the US investment market by listing on the OTCQB Venture Market in April 2025. Initial results show considerable interest in the Company.

Finally, and as always, I thank the staff of Challenger Energy for their efforts last year, the Board for their guidance and insight and, of course, our shareholders for their continued support.

Iain McKendrick
Chairman
12 June 2025

Chief Executive Officer's Report to the Shareholders

Dear fellow Shareholders,

This is my fifth report to you, the owners of the Company, in my capacity as Chief Executive Officer.

The 2024 period under review was a transformational one for Challenger Energy. Highlights were that we farmed out the AREA OFF-1 block in Uruguay to Chevron, we advanced our second Uruguay block (AREA OFF-3), we made progress on achieving value from our other assets, and we continued our efforts to reshape the Company in a corporate sense.

As we look to the second half of 2025 and beyond, I am more convinced than ever that we are at an inflection point. Financially and operationally, we are in the best position we have been in for many years. The hard work of the last few years means that over the coming 12-24 months a significant value-creation opportunity lies ahead of us. Details are provided in my commentary below.

URUGUAY

What a difference a few years can make in the frontier hydrocarbon exploration industry!

Shareholders will recall that Challenger Energy first started doing business in Uruguay in May 2020, when we secured the AREA OFF-1 licence, offshore Uruguay. At that time the Covid-19 pandemic was engulfing the world, and Uruguay was not yet on the global industry's radar. This meant that when we decided to enter Uruguay, we were the sole licence holder in that country.

In early 2022, very large, globally relevant discoveries were made by supermajors (TotalEnergies and Shell) from exploration wells drilled offshore Namibia (and subsequently multiple additional discoveries have followed, including most notably GALP Energia's Mopane discovery and Rhino Resources' recent Capricornus well). The Orange Basin in Namibia, which is where these discoveries have been made, is in geological terms the conjugate margin to offshore Uruguay. This is a fact of enormous significance to those active in the industry, in that the data emerging from the discoveries in Namibia significantly increases the likelihood of the presence of oil-producing source rock offshore Uruguay.

For this reason, the exploration success in Namibia saw an almost instant surge in industry interest to secure offshore licences in Uruguay and the surrounding region. Activity commenced on long dormant blocks in Argentina, and in late 2023 a number of majors picked up multiple blocks in a Brazil bid round (with another scheduled for later this year).

In the specific case of Uruguay, the impact was even more pronounced: by the end of 2023, 100% of Uruguay's offshore blocks had been licensed, with Challenger Energy holding two of the seven available blocks, and the other five blocks having been awarded to much larger industry players. That is to say, in under two years (and unique to anywhere else in the world) Uruguay went from being almost entirely unlicensed and unheralded, to being fully licensed and, apart from Challenger Energy, only to industry 'heavyweights' who had made sizeable work programme commitments in order to secure those licences.

It is thus no exaggeration to say that offshore Uruguay has, in the past few years, emerged as a global exploration "hotspot". And within that "hotspot", our Company has emerged not only as one of the largest acreage-holders, but also as the only junior E&P (exploration and production) company with any position in the region, with two world class assets and a growing prospect inventory.

Consequently, as shareholders are aware, through 2022 and 2023 we rapidly shifted our strategy, to prioritize Uruguay so as to meet the enormous industry interest that we could see was building. The full effect of this shift became evident in 2024, the period under review, when our assets in Uruguay unambiguously became the central focus of Challenger Energy's business.

AREA OFF-1

As I noted in the last Annual Report, through the course of 2023 Challenger Energy had undertaken a high-quality technical work programme for AREA OFF-1, the result of which was the identification of three primary prospects in the licence area. In aggregate, we delineated a robust prospect inventory of approximately 2 billion barrels (P_{mean}) and up to 5 billion barrels (P_{10}), thus establishing that AREA OFF-1 is a world-class asset.

In 2023 we had also commenced a formal, adviser-led farmout process, with the objective of securing a partner for AREA OFF-1. Our aim was to introduce a respected industry participant who could provide the further expertise and capital needed to rapidly take the block forward to 3D seismic acquisition and, ultimately, exploration well drilling.

The results of our efforts – technical and commercial – became evident during the period under review, when in March 2024 we announced a farmout agreement with Chevron. A series of regulatory approvals followed, which took most of 2024 to finalise, but on 28th October 2024 the transaction with Chevron was completed. This represented the culmination of a huge body of work by many people over an extended period of time, and is an outcome we are extremely proud of.

The transaction agreed with Chevron saw the US-based supermajor assume a 60% operating interest in AREA OFF-1, paying us $12.5 million in cash as an entry fee, agreeing to carry 100% of the costs of 3D seismic acquisition campaign (up to a gross total cost of $37.5 million, net value to Challenger Energy of up to $15 million), and thereafter if the decision is made to proceed to drilling of an initial exploration well, carrying 50% of our share of costs associated with that well (up to a total gross cost of $100 million, net value to Challenger Energy of up to $20 million).

As I have said in many forums over the past 12 months, we believe these transaction terms, as agreed with Chevron, are very attractive.

Firstly, whilst all CEOs will claim that their company is undervalued, in this case, if properly analysed, the embedded value to our Company in the AREA OFF-1 farmout arrangement represents multiples of our current share price – something I believe the equity market is yet to fully appreciate.

Secondly, and far more importantly, the AREA OFF-1 farm-out has transformed Challenger Energy, in that (i) our strategy and technical work has been validated by one of the world's leading energy companies – the resulting intangible benefit in terms of our industry "credentials" is immeasurable, (ii) going forward, the AREA OFF-1 project will be operated by a highly capable partner who has made a clear commitment to accelerated activity, and (iii) we have retained a material stake of 40% in the licence, which gives us enormous flexibility when it comes time to consider how we participate in any future success case.

We are now working closely with our new partner in anticipation of upcoming activity on AREA OFF-1. We share a common goal with Chevron, which is to see a 3D seismic acquisition commence as soon as possible – as at the date of this report, the expectation is that this will be in Q4 2025, subject to finalization of permitting by the Uruguayan Ministry of Environment. It is this activity, and subsequent well drilling, which we believe will ultimately unlock the considerable value potential we see in this asset.

AREA OFF-3
Whilst AREA OFF-1 might be described as "the jewel in the crown" of Challenger Energy's portfolio, our second block in Uruguay, AREA OFF-3, offers considerable promise as well: based on initial assessment, a resource potential of up to 2 billion barrels and up to 5 trillion cubic feet gas (c. 1 billion barrels equivalent), from multiple exploration plays.

In June 2023, Challenger Energy had been designated as the party to whom the AREA OFF-3 licence would be awarded, on attractive terms. This award was finalised in March 2024, with the initial four-year exploration period for AREA OFF-3 commencing in June 2024.

As soon as the initial four-year exploration period commenced, we began our technical work programme for the block on an accelerated basis. Unlike AREA OFF-1, the AREA OFF-3 block has not only existing 2D seismic coverage, but 3D seismic coverage as well, which means our work programme can be focused on 3D seismic reprocessing. Having existing 3D seismic to work with is a significant advantage the value of which to Challenger Energy may not be fully appreciated: the existing 3D seismic of interest on AREA OFF-3 would, if acquired today, cost up to $40 million and take 1-2 years to acquire – whereas we now have the benefit of this prior expense, and the ability to accelerate the AREA OFF-3 timeline by several years.

Through the second half of 2024 and the first half of 2025, we have made solid progress on the technical work programme. As at the date of this report, reprocessing of 1,250 km^2 of 3D seismic data from the previously acquired BP survey is complete, and a satellite seep and slick study, a seabed geochemistry study and a multibeam echo sound survey have also been completed, with encouraging complementary results to ongoing seismic work. The next stage of our work programme for AREA OFF-3 is now underway: technical analysis and interpretation ahead of updated mapping, prospect definition and volumetrics, with anticipated completion in Q3 2025.

Once finalised, this work programme (similar in scope to that undertaken for AREA OFF-1) is expected to underpin a formal farmout process for AREA OFF-3 through the second half of 2025. That is, our strategy for AREA OFF-3 is to follow the same formula that produced a successful outcome for AREA OFF-1: first, undertake high quality technical work to establish the prospectivity of the block and then, with the benefit of that technical work, seek to bring in a partner via a farmout process.

OTHER ASSETS

Trinidad and Tobago
Our strategy in Trinidad and Tobago, where we have small onshore production fields, has been twofold: achieve financial breakeven from core assets, and streamline operations / divest assets, so as to release value from them.

In terms of results, total 2024 production from the producing fields was constant (on a like-for-like basis almost identical to 2023 production), and total operating expenses and G&A (general and administrative expenses) was similarly constant. We were thus successful in our desire to operate the business on a generally cashflow breakeven basis. As in previous years, we did record a (relatively small) net operating loss, and we once again reconsidered the carrying value of the Trinidadian licences on our balance sheet, taking a further write-down in the asset values associated with the business.

More significantly, during 2024 we made progress with our desire to extract value from the assets in Trinidad and Tobago. In February 2024 we exited the Bonasse licence, in a way that relieved us of liabilities and commitments, and thereafter we were able to focus effort on finding a monetisation pathway for the remainder of the business. This effort culminated in February 2025, when we reached agreement to sell all of our remaining business, assets and operations in Trinidad and Tobago. As at the date of this report that transaction remains pending regulatory approvals, but we expect it to close by 30 June 2025, at which time we will see the complete exit from Trinidad finalised. This means the entirety of the Trinidad and Tobago business – with all associated income, assets, liabilities, exposures and administrative cost – will thereafter no longer feature in our financial statements.

Chief Executive Officer’s Report to the Shareholders (continued)

The Bahamas
In relation to the Company’s licences in The Bahamas, throughout the course of 2024 we continued to pursue a renewal of those licences into a third exploration period. In parallel we continued to explore various alternative strategies seeking to monetise our Bahamian position. Tangible progress in the period was limited, but we are persevering, with a view to achieving a result in the coming 12 months.

CORPORATE

With the benefit of the validation provided by the Chevron farmout, in 2024 we also took the opportunity to focus on a number of corporate ‘housekeeping’ actions. At the heart of which was a simple objective: to attract new investors to the Company – especially longer-term institutional investors – who understand what we are trying to do in Uruguay, and the timeframes involved.

During the period, we undertook a share consolidation, reducing the number of outstanding shares from about 10 billion to about 250 million. This was necessary because the large number of shares in issue, combined with the relatively low trading value per share, was a bar to investment in the Company by various parties, including in particular many institutional investors (a number of leading global share custodians are not permitted, in accordance with their custody rules, to hold shares in a company where its share trading value is below 1 penny per ordinary share).

This proved crucial to securing a meaningful equity investment from Charlestown Energy Partners LLC, initially in the form of a debt instrument (May 2024), which converted into equity – at a premium price – on closing of the Chevron farmout (October 2024), and in the process making Charlestown Energy one of the Company’s largest shareholders.

Charlestown Energy is a specialist energy investor associated with Charlestown Capital Advisors, a family office located in New York that was founded in 2005, and that has been making investments globally in E&P since 2016. Of particular relevance is the fact that since 2019 Charlestown Energy has been a cornerstone shareholder in Sintana Energy Inc, a TSX-listed exploration company. Sintana maintains an indirect interest in a portfolio of exploration licences in Namibia, including in particular having an interest in the GALP Energia discovery in the Orange Basin. Given the parallel between what has happened in Namibia in recent years and what we hope may happen in Uruguay in the coming years, we were thus very pleased to have been able to attract an investor such as Charlestown Energy to Challenger Energy.

Consistent with the long-term, strategic nature of Charlestown Energy’s investment, Mr. Robert Bose was also invited to join the Board (May 2024). Robert has been the Managing Member of Charlestown Energy since 2016, having joined Charlestown Capital Advisors as a principal in 2014. Prior, he spent 17 years in the Global Investment Banking Group at the Bank of Nova Scotia, most recently as Managing Director and Head of the Power & Utilities Group, with a specifical focus on the energy and power sectors. Robert is currently also serving as Chief Executive Officer of Sintana, which as noted represents a significant holding in Charlestown Energy's current portfolio. Robert’s addition to our Board is extremely complementary, giving us the benefit of his experience, network, and industry insights that are highly relevant to Challenger Energy’s position in Uruguay.

Indeed, the combination of the Chevron partnership for AREA OFF-1, and adding Charlestown Energy to the register and Robert to the Board, appears to have made a difference, in that over the course of the past 18 months we have seen an increasing number of new (and longer-term focused) institutions, family offices and high net worth investors join our register. In particular, we have seen a strong increase in interest from North American-based investors, and we have thus made a concerted effort to market our Company more widely, alongside our normal investor engagement activities in the UK. As part of this effort, we listed on the OTCQB Ventures Market (April 2025), which affords US-based investors a much easier route to becoming shareholders in Challenger Energy – early uptake from investors in that market has been encouraging.

FINANCIAL PERFORMANCE AND FUNDING

For the 2024 period under review, we recorded a loss of $1.1 million (2023: $13.4 million). This includes the impact of the gain made on completion of the AREA OFF-1 farmout, as well as various non-cash items, most notably non-cash losses arising from accounting impairments associated with the Trinidadian assets.

Given the nature of our business, in past Annual Reports we have identified “burn” as the most relevant metric to evaluating our financial performance – that is, the amount of cash used in running/sustaining our business across any given period. In that respect, as noted, during 2024 our Trinidad and Tobago operations continued to operate on a largely self-sustaining basis (thus requiring minimal cash support), and the G&A cost for the rest of our business was $3.9 million, or approximately $324,000 per month. This is an increase of 37% as compared to 2023 ($2.4 million), but the 2024 figure includes a number of sizeable one-off amounts associated with the Chevron farmout (for example, legal and commercial advisory fees and success fees). If these are excluded, our 2024 overhead was consistent with that of 2023, and below the $200,000 per month cash “burn” target that we have had for many years: a level which represents the basic costs needed to stay in business as an AIM-listed vehicle, and which compares favourably with most of our peers.

Undoubtedly the financial highlight of 2024 was the receipt of $12.5 million in cash on closing of the AREA OFF-1 farmout. This enabled us to completely “clean house” in a financial sense – settling all outstandings, definitively addressing any legacy financial exposures, and ensuring that our funding needs for the coming years are fully met. We ended 2024 with approximately $8.4 million of unrestricted cash holdings (plus we had a further $1.3 million of restricted cash, which is money held in support of work programme performance guarantees and bonds, and which will be released back to us over time once work programme commitments are fulfilled). Against this robust cash position we have no debt, our “burn” is low (as noted, we target keeping it below $2.4 million per annum), the minimum work programme on AREA OFF-1 in Uruguay has been completed and our share of costs for upcoming 3D seismic will be carried by Chevron, the work programme for AREA OFF-3 is modest, and we have no unfunded forward work programme commitments.

This is significant, in that it means we have adequate financial resource available to ensure that all currently expected costs and future operations for all of 2025, 2026, and into 2027 are fully-funded. This level of clear financial runway is a relatively rare situation for most "junior" E&P companies, and certainly puts Challenger Energy into the best position, capital-wise, it has been in for quite some time. This does not take into account the possibility of additional funding inflows in this time frame – with AREA OFF-1 we have retained a relatively large 40% working interest and thus the ability to farmout a further interest in that asset; with AREA OFF-3, like with the AREA OFF-1 farmout, we will be seeking a cash element to any farmout transaction. Success in either case would secure the balance sheet even further into the future.

ESG (Environmental, Social, and Governance)

A core value we have sought to embed into everything we do at Challenger Energy is to ensure that achieving our commercial objectives never comes at the expense of harm to people or the environment, and that our "social licence to operate" is maintained intact at all time. We want to be known as a responsible, reliable operator and a partner / employer of choice.

I am thus pleased to report that in 2024, across all of our operations, there were no incidents of note – whether personal injury, property damage or environmental. We maintained productive and positive relationships with all relevant Governments and regulatory bodies, and we continued our policy of investing considerably in Company-wide training programs and ESG awareness activities. As in previous years, we also made a number of targeted social and welfare contributions in the communities where we operate.

In summary, in 2024, the Company's excellent ESG performance record continued. Everyone at Challenger Energy is committed to ensuring that this does not change in the future.

OUTLOOK

During 2024 we cemented our position as one of the largest acreage holders in Uruguay, and we showed that we are a company that does what it promises to do – technically, through excellent work; commercially, in being able to reach a market-leading farmout for the AREA OFF-1 block; and strategically, in developing an enviable position that no other junior player was able to develop, in what has become a global exploration "hot spot".

In the next 12-24 months we expect to see Chevron rapidly take the AREA OFF-1 project forward, initially with a 3D seismic acquisition campaign and thereafter, assuming the results of the 3D are as we anticipate, exploration well drilling. In the same timeframe we will conclude our technical work programme for AREA OFF-3, with a view to then securing a partner via a farmout process – again, the ultimate objective being to see that block move forward to exploration well drilling. All of this activity will occur against a backdrop of heightened industry interest in the region, and substantial exploration work being undertaken by others offshore Uruguay, northern Argentina, and southern Brazil. And, over the next 12 months, we also expect to conclude our efforts to extract value from our assets in Trinidad and Tobago, as well as reach a resolution in relation to our licences in The Bahamas.

In concluding my review of 2024, I wish to express my appreciation for the support we received throughout the year from our Board, stakeholders, regulators, suppliers, contractors and shareholders. I would also like to take this opportunity to especially thank all of our team. I say it each year, and I mean it sincerely: although we are a small company, we have highly-skilled, committed, and loyal employees, whose hard work and dedication is the foundation on which our success over the past few years has been built.

As I noted at the start of this report, 2024 was a transformational year for Challenger Energy, such that I believe the outlook for our Company over the coming 12-24 months is strong. Multiple value-creating opportunities now lie before us, and your management is working every day, to ensure that we are able to capitalise on these opportunities in a way that creates maximum value for shareholders.

Eytan Uliel
Chief Executive Officer
12 June 2025

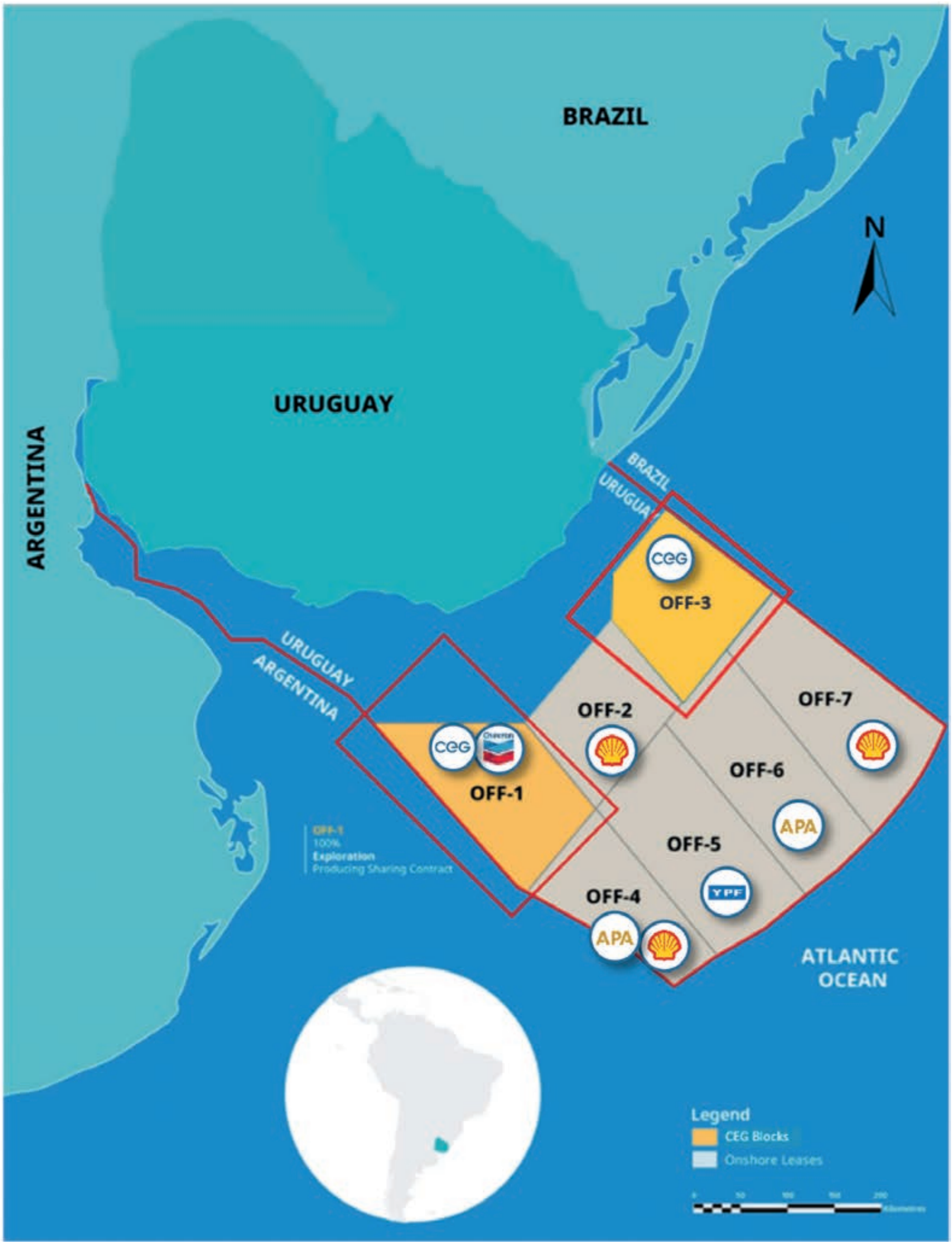
Challenger Energy Overview

Challenger Energy is an Atlantic-margin energy company, with a focus on high impact, globally material exploration assets. The Company's shares are traded on the Alternative Investment Market of the London Stock Exchange (AIM: CEG) and on the OTCQB Venture Market in the United States (OTCQB: BSHPF).

The following is a brief summary of key aspects of the Company's assets, operations and business. Additional information is available on the Company's website: www.cegplc.com.

Challenger Energy's Uruguay Assets
Challenger Energy's main area of focus is exploration activity offshore Uruguay, where the Company has an interest in two blocks: AREA OFF-1 and AREA OFF-3. Combined these represent a total licence holding of approximately 27,800 km^2 (net to Challenger Energy approximately 19,000 km^2), making the Company one of the largest offshore acreage holders in Uruguay, and the only "junior" with a position in offshore Uruguay and the broader offshore region (including northern Argentina and southern Brazil).

FIGURE 1: OFFSHORE LICENCE HOLDERS, URUGUAY



Uruguay is located along the Southern Atlantic coast of South America, sharing its northern border with Brazil and its southern and western borders with Argentina. In 2024, the country was ranked as 15th globally on the Democracy Index, and ranked first in Latin America for democracy, anti-corruption efforts, and ease of doing business. Uruguay is also a leader in providing reliable, sustainable, and affordable energy, supported by a strong policy framework that encourages exploration and production, with an emphasis on promoting responsible development of the nation's energy mix.

Conjugate margin discoveries offshore Southwest Africa have led to considerable interest in the exploration potential offshore Uruguay. The data and improved technical understanding provided from recent discoveries in the Orange Basin, offshore Namibia, have accelerated licencing, seismic acquisition, and drilling across the region of Uruguay, northern Argentina and southern Brazil. Notably, the discoveries and activities offshore Namibia have significantly enhanced confidence in the presence of a potentially prolific new petroleum system offshore Uruguay, including Challenger Energy's blocks.

As of the date of this report, the entire available offshore acreage in Uruguay has been licenced. Aside from the two blocks in which the Company holds an interest, all other offshore Uruguayan blocks and proximate blocks in southern Brazil and northern Argentina are held by supermajors, national oil companies and much larger industry participants. This highlights the growing strategic interest in the region, with sizeable collective work programmes planned over the next few years.

AREA OFF-1

AREA OFF-1 is a large block covering approximately 14,557 km^2 and located approximately 100 – 150 kms offshore Uruguay in relatively shallow water depth (50 to 800 metres). Challenger Energy was the first company to bid in the new Uruguay Open Round in May 2020, and in June 2020, the Company was awarded AREA OFF-1. The licence contract was signed in May 2022, with the initial four-year exploration period commencing on 25th August 2022. In late 2022, in view of growing industry interest in Uruguay's offshore, the Company made a decision to accelerate and expand the work required to be completed on AREA OFF-1 during the first four-year exploration period. In doing so, three material prospects with significant resource potential were identified and delineated. These prospects were named Teru Teru, Anapero and Lenteja, and are summarised as follows:

PROSPECT NAME	DEPOSITIONAL ENVIRONMENT	STRATIGRAPHIC AGE
TERU TERU	Slope turbidite to shelf margin wave delta AVO supported – Class I to II	Mid to Upper Cretaceous Albian to Campanian
ANAPERO	Outer shelf margin stacked sands AVO supported – Class II	Upper Cretaceous Campanian
LENTEJA	Lacustrine alluvial syn-rift sealed by regional unconformity; No AVO identified	Lower Cretaceous Neocomian

On 6th March 2024, following a formal process, the Company entered into a farmout agreement with a subsidiary of Chevron for the AREA OFF-1 block. On 29th October 2024, following obtaining of the required approvals from the Uruguayan regulatory authorities, the farmout took legal effect. The key terms of the farmout agreement are (i) Chevron acquired a 60% participating interest in the AREA OFF-1 block, and assumed operatorship, (ii) Challenger Energy retained a 40% non-operating interest in the block, (iii) upon completion, Challenger Energy received a cash payment of $12.5 million from Chevron as an entry fee, with these funds available to support the further development of the Company's business, (iv) Chevron will carry 100% of Challenger Energy's share of the costs associated with the 3D seismic campaign on the AREA OFF-1 block, up to a maximum total programme cost of $37.5 million (up to $15 million value net to Challenger Energy), and (v) following the 3D seismic campaign, should Chevron decide to drill an initial exploration well on AREA OFF-1, Chevron will carry 50% of Challenger Energy's share of costs associated with that well, up to a maximum total well cost of $100 million (up to $20 million value net to Challenger Energy).

As at the date of this report, The Uruguayan Ministry of Environment is holding public consultations regarding the issuance of the prerequisite environmental permits for the proposed 3D seismic acquisition campaign over AREA OFF-1, as well as over other offshore areas in Uruguay under contract to other industry participants. The Company expects the necessary permits will be issued to allow for seismic acquisition on AREA OFF-1 to start in early Q4 2025. In anticipation of permits being issued, various operators are already in discussions with seismic companies for planned surveys across the Uruguay offshore region. The goal is to sequence the 3D seismic programme timing based on weather, acquisition parameters and integrated operations seeking incident free and efficient acquisition campaigns. The parties associated with AREA OFF-1 (operator Chevron, Challenger Energy) are working collaboratively in this process along with ANCAP.

AREA OFF-3

AREA OFF-3 is a large block covering an area of 13,252 km^2 and located approximately 75 to 150 kms offshore Uruguay in relatively shallow water depths (25 to 1,000 metres). Challenger Energy bid for the block in May 2023 and was awarded the licence in June 2023. Subsequently, the licence contract was signed on 7th March 2024, with the initial four-year exploration period commencing on 7th June 2024. Challenger Energy hold a 100% working interest in and is the operator of the block.

The licence for AREA OFF-3 provides for a modest work commitment in the initial four-year exploration period, comprising of reprocessing 1,250km^2 of legacy 3D seismic data and undertaking two geotechnical studies. There is no drilling obligation in the initial four-year exploration period. However, similar to AREA OFF-1, Challenger Energy's plan during the initial four-year exploration period is to accelerate and expand the technical work programme. As at the date of this report, the Company is in the midst of its technical work programme for AREA OFF-3, which it expects will be completed during Q3 2025. As with AREA OFF-1, the Company is also planning to pursue an early partnering strategy in the form of a formal farmout process in the second half of 2025, with the objective of securing cash and a carry in an accelerated work programme.

Challenger Energy Overview (continued)

Other Assets

Trinidad and Tobago: Challenger Energy holds a 100% interest in, and is the operator of, three producing fields, all onshore Trinidad. Across these fields, there are a total of approximately 250 wells, of which approximately 60 are in production at any given time. On 18th February 2025, the Company entered into a transaction for the sale of all of the Company's assets, business and operations in Trinidad and Tobago. As at the date of this report, completion of that transaction is pending regulatory approvals in Trinidad and Tobago – the Company expects the transaction to complete on or before 30 June 2025.

The Bahamas: Challenger Energy holds four exploration licences offshore The Bahamas. In early 2021, the Perserverance-1 exploration well was drilled in this licence area. In March 2021, the Company applied to the Government of The Bahamas to renew the licences for a third three-year exploration period. As at the date of this report, this renewal is still pending. The Company is pursuing various other options for achieving value from these assets.

People and Operations

The Company's registered office is in the Isle of Man. Additionally, the Company has operational offices in London (United Kingdom), Montevideo (Uruguay), and San Fernando (Trinidad). The business employs approximately 75 staff.

The Company's Board, management team, and staff possess a wide range of skills and extensive technical and industry experience – profiles of Board members and senior executive members can be found on the Company's website, www.cegplc.com.

Environmental, Social & Governance Statement

ESG Philosophy and Management

ESG considerations are central to Challenger Energy's business strategy. We believe that the pursuit of commercial objectives must never come at the expense of the health, safety, or wellbeing of individuals, communities, or the environment. We acknowledge our responsibility and our duty of care to our employees, contractors, suppliers, and the broader communities in which we operate. Our objective is to eliminate lost time injuries and incidents, through rigorous preventative measures and continuous improvement. The Company takes great pride in its exemplary Health, Safety, Environment, and Security ("HSE&S") track record and strives to be an employer and partner of choice, and to make a valued contribution to the communities and nations in which it operates.

The Company is committed to conducting business with integrity, transparency, and in accordance with the highest ethical standards. Challenger Energy fosters a professional, respectful, and inclusive working environment, and actively supports the personal and professional development of its employees. We value how diversity - including in gender, nationality, faith and personal background - benefits our business and how the unique experiences of our employees contribute to a positive environment within Challenger Energy.

Operating in various international locations, we both rely on and impact the people and institutions in these areas. Challenger Energy is part of the societies in which we operate, and we are committed to being a responsible corporate citizen, and to making enduring and meaningful contributions to the communities around us.

We are acutely aware of our environmental responsibilities, and we strive to minimize our ecological impact. Challenger Energy is dedicated to responsible environmental stewardship and aims for zero environmental incidents.

Challenger Energy maintains a robust and structured HSE&S Management System, comprising a comprehensive set of policies, procedures, and practices. This system is consistently applied across the organisation and is subject to regular review and updates to ensure continued excellence in all relevant HSE&S areas.

Governance

Challenger Energy operates in the energy sector, which is governed by stringent laws and regulations imposed by host Governments and international regulators, as well as often being the subject of intense public scrutiny. Additionally, as Challenger Energy's shares are traded on the AIM Market of the London Stock Exchange and the OTCQB Ventures Market in the United States, the Company is subject to various additional rules and regulations associated with being a publicly traded entity. Consequently, the Board is dedicated to upholding the highest standards of corporate governance at all times.

QCA Code

In accordance with the rules of the AIM Market of the London Stock Exchange, Challenger Energy is required to apply a recognised corporate governance code and demonstrate its compliance with that code, including any deviations. Since Challenger Energy is not obligated to follow the UK Corporate Governance Code, the Directors have chosen to apply the QCA Corporate Governance Code (the "QCA Code") as their standard of measurement.

In accordance with the AIM Rules for Companies, Challenger Energy departs from the QCA Code in relation to Principle 7 – "Evaluate board performance based on clear and relevant objectives, seeking continuous improvement." Challenger Energy's Board is small and extremely focused on implementing the Company's strategy. However, given the size and nature of the Company, the Board does not consider it appropriate to have a formal performance evaluation procedure in place, as described and recommended in Principle 7 of the QCA Code. The Board will closely monitor the situation as and when the Company grows.

The Board and its Committees

The Board meets regularly to discuss and review all aspects of Challenger Energy's activities. A Board Charter has been approved and adopted, outlining the membership, roles, and responsibilities of the Board. The Board is primarily responsible for formulating, reviewing, and approving Challenger Energy's strategy, budgets, major capital expenditures, acquisitions, and divestments. The Board currently consists of the Non-executive Chairman (Iain McKendrick), the Managing Director and CEO (Eytan Uliel), and three Non-executive Directors (Stephen Bizzell, Simon Potter and Robert Bose). Iain McKendrick (Non-executive Chairman) was independent on appointment to the Board. In addition, Stephen Bizzell, Simon Potter and Robert Bose (all Non-executive Directors) are deemed independent by the Board. All Directors have access to management, the Company Secretary, and Challenger Energy's professional advisers. Overall, the Board is responsible for the long-term success of the Company and providing leadership to the business including culture, values and ethics, and ensuring effective corporate governance and succession planning. The Board operates in an accountable, open and transparent environment where the views of all Directors and the actions of Executive Directors and management can be challenged. The Board is satisfied it has the appropriate balance of skills and experience on the one hand, and, independence and knowledge on the other, to enable it to discharge its respective duties and responsibilities effectively, and that all Directors have adequate time to fulfil their roles.

Iain McKendrick has over 30 years of industry experience, including having held Board positions with several listed companies. He was previously with NEO Energy, was Chief Executive Officer of Ithaca Energy, was Executive Chairman of Iona Energy, and spent several years with TotalEnergies, including acting as Commercial Manager of Colombia. Iain is the Chair of the Company's Health, Safety, Environmental and Security Committee and is a member of the Company's Remuneration and Nomination Committee.

Environmental, Social & Governance Statement (continued)

Eytan Uliel assumed the position of Chief Executive Officer from 27th May 2021, having previously served as the Company's Commercial Director since 2014. Eytan is a finance executive with significant oil and gas industry experience. He has extensive experience in mergers and acquisitions, capital raisings, general corporate advisory work, oil and gas industry-specific experience in public market takeovers and transactions, private treaty acquisitions, and farmin / farmout transactions. He has held executive roles in various ASX and SGX listed companies. Prior to working with Challenger Energy, from 2009 – 2014 Eytan was Chief Financial Officer and Chief Commercial Officer of Dart Energy Limited, an ASX listed company that had unconventional gas assets (coal bed methane and shale gas) in Australia, Asia and Europe, and Chief Commercial Officer of its predecessor company, Arrow International Ltd, a Singapore based company that had unconventional gas asset primarily in Asia and Australia. He holds a Bachelor of Arts (Political Science) and Bachelor of Laws (LLB) degree from the University of New South Wales, and was admitted as a solicitor in the Supreme Court of New South Wales in 1997. Eytan is a member of the Company's Remuneration and Nomination Committee and the Company's Health, Safety, Environmental and Security Committee.

Simon Potter was previously the Chief Executive Officer of the Company for nearly 10 years and oversaw the safe drilling of the Perseverance-1 well in The Bahamas. Simon assumed the role of a Non-Executive Director in May 2021. Simon qualified as a geologist with an M.Sc. in Management Science and has over 30 years oil and gas industry and mining sector experience. From the Zambian Copperbelt to a 20-year career with BP he has held executive roles in companies managing oil and gas exploration, development and production; gas processing, sales and transport; and LNG manufacture, marketing and contracting, in Europe, Russia, America, Africa and Australasia. On leaving BP, having helped create TNK-BP, he took up the role of CEO at Hardman Resources where he oversaw growth of the dual AIM and ASX listed company into an oil producer with considerable exploration success ahead of executing a corporate sale to Tullow Oil. Simon is Chair of the Company's Remuneration and Nomination Committee and a member of the Company's Health, Safety, Environmental and Security Committee.

Stephen Bizzell has over 25 years' corporate finance and public company management experience in the resources sector in Australia and Canada with various public companies. He is the Chairman of boutique corporate advisory and funds management group Bizzell Capital Partners Pty Ltd., a firm which over the last 15 years has raised more than A$1.5 billion in equity capital for its associated entities. He is also the Chair of ASX listed MAAS Group Holdings Ltd, Chair of ASX listed Savannah Golfields Ltd, and a Non-executive Director of ASX listed Strike Energy Limited and Renascor Resources Limited. He was an Executive Director of ASX listed Arrow Energy Ltd from 1999 until its acquisition in 2010 by Shell and PetroChina for A$3.5 billion. Stephen qualified as a Chartered Accountant and early in his career was employed in the Corporate Finance division of Ernst & Young and the Corporate Tax division of Coopers & Lybrand. He has had considerable experience and success in the fields of corporate restructuring, debt and equity financing, and mergers and acquisitions. Stephen is Chair of the Company's Audit Committee.

Robert Bose is the Managing Member of Charlestown Energy Partners, a private investment company associated with a New York-based family office that has been making investments globally in upstream E&P businesses since 2016. Robert is also the Chief Executive Officer and a member of the Board of Directors of Sintana Energy, Inc., a Toronto Venture Exchange listed oil and gas exploration company with a portfolio of licences in Namibia. Robert is also a non-executive director of New Zealand Energy Corp., also a Toronto Venture Exchange listed company providing gas, gas storage and liquids solutions to support the domestic energy economy in New Zealand and is also on the Board of Managers of Black Bayou Energy Hub, a private company developing a gas storage opportunity on the Gulf Coast of the U.S. Prior to joining Charlestown, Robert spent 17 years in the Investment Banking Group at Scotiabank, most recently as Managing Director and Industry Head, Global Power & Utilities. Robert is a member of the Company's Audit Committee.

Audit Committee
The Audit Committee of the Board consists of Stephen Bizzell (Chair) and Robert Bose, with input from the Finance Director as needed. The Audit Committee is primarily responsible for ensuring Challenger Energy's financial performance is accurately reported and monitored, reviewing the scope and results of the audit, evaluating its cost-effectiveness, and maintaining the independence and objectivity of the auditor. Additionally, the Audit Committee oversees public reporting and the Company's internal controls. A Charter of the Audit Committee, which defines its membership, roles, and responsibilities, has been approved and adopted. All members of the Audit Committee have access to the Company Secretary and the Company's professional advisers, including direct access to the Company's auditor. The Audit Committee meets regularly and convened twice in 2024, with all members present at both meetings. Effective 1 July 2024, Robert Bose replaced Iain McKendrick on the Audit Committee.

Renumeration and Nomination Committee
The Remuneration and Nomination Committee consists of Simon Potter (Chair), Iain McKendrick, and Eytan Uliel. This committee is responsible for recommending executive and senior management remuneration packages, including bonus awards and share options, to the Board of Directors. It also assists the Board in identifying and evaluating potential new Directors, ensuring that the size, composition, and performance of the Board are suitable for the Company's activities. Shareholders of Challenger Energy ultimately have the responsibility for determining Board representation. The Remuneration & Nomination Committee meets as needed and convened once in 2024, with all members present.

Health, Safety, Environmental and Security Committee
The Board has a Health, Safety, Environmental, and Security Committee, which consists of Iain McKendrick (Chair), Simon Potter, and Eytan Uliel. The HSE&S Committee's purpose is to assist the Directors in establishing ESG strategy, reviewing, reporting, and managing Challenger Energy's performance, assessing compliance with applicable regulations, internal policies, and goals, and contributing to the Company's risk management processes. In 2024, the HSE&S Committee met five times, with all members present at each meeting.

Record of Board Meetings
There were three formal meetings of the Board of Challenger Energy in the period 1 January 2024 to 31 December 2024. In addition, there were a number of other ad-hoc gatherings of the Board through the period.

Internal Control
The Directors acknowledge their responsibility for Challenger Energy's system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage the risk of failure to achieve the Company's strategic objectives. It cannot totally eliminate the risk of failure but will provide reasonable, although not absolute, assurance against material misstatement or loss.

Going Concern
These financial statements have been prepared on a going concern basis, which assumes that Challenger Energy will continue in operation for the foreseeable future.

On 6th March 2024, Challenger Energy entered into a farmout agreement with Chevron, a leading global energy company, in relation to the AREA OFF-1 licence offshore Uruguay. Pursuant to the farmout agreement, Challenger Energy received a $12.5 million upfront cash payment at completion (29th October 2024) along with Chevron agreeing to carry the Company's share of certain future work programme costs. In addition, the Company was entitled to an adjustment payment of approximately $0.2 million related to AREA OFF-1 costs incurred in the period between signing of the farmout agreement and completion of the transaction (received on 29th October 2024), as well as the release of $0.3 million of restricted cash held at balance sheet date to secure performance of AREA OFF-1 work obligation commitments (which release was finalised on 12th May 2025).

The Challenger Energy group of companies incurred a consolidated operating loss of $1.9 million for the financial year ended 31 December 2024, however current assets exceed current liabilities by approximately $4.9 million as of 31 December 2024, which includes approximately $5.9m in respect of current payables owing in Trinidad and Tobago that Challenger Energy expects to exit completely following the completion of the announced sale of all of the Company's business and operations in Trinidad and Tobago (completion of this transaction, as at the date of this report, is pending regulatory approval). In addition, completion of the sale of the Company's business and operations in Trinidad and Tobago is expected to see the Company receive approximately $0.5m in cash and approximately $0.75 million in saleable listed securities over the course of 2025. At 31 December 2024, the Company had approximately $8.4 million in unrestricted cash holdings and approximately $1.3 million in restricted cash holdings (restricted cash is cash that is held in Company bank accounts but which is pledged in support of work programme obligations and to which access is restricted - once relevant work programme obligations are met that restricted cash will in due course becomes unrestricted and thus freely available for use by the Company).

Given the foregoing, the Directors have prepared these financial statements on a going concern basis: based on current cash holdings and cash flow forecasts, Challenger Energy expects to have adequate financial resources to support its operations for the next 12 months (and well into the foreseeable future beyond that). In addition, the Directors note that the Company is a publicly listed company on a recognised stock exchange, thus affording the Company the ability to raise equity capital, debt and/or hybrid financing alternatives as and when the need arises. The Company has a robust track record in this regard, having raised in excess of $100 million in equity and alternative financing in the past.

Anti-bribery and Corruption ('ABC')
Challenger Energy enforces a zero-tolerance policy for bribery, corruption, or unethical conduct in our business. Our policies mandate compliance with applicable anti-bribery and corruption ("ABC") laws, particularly the UK Bribery Act 2010, as well as all relevant laws in the jurisdictions where we operate. We have implemented a documented system of ABC policies and procedures that provide a consistent framework across the Company and all its operations, ensuring our employees are aware of potential threats and maintaining appropriate governance of ABC matters. In 2024, all employees were required to attend mandatory ABC training.

Anti-Money Laundering ('AML')
Challenger is acutely aware of the risks posed by money laundering and terrorist financing. These criminal activities not only threaten society but also impact the Company, its partners, shareholders, and staff. The Company exercises the highest level of vigilance in all its operations to combat these threats. This vigilance also applies to third-party associates involved with the Company. Annual AML training is mandatory for all Challenger Energy staff.

Taxation
Depending on the jurisdiction of operation, Challenger Energy is subject to various taxes, including corporate income tax, supplemental petroleum taxes, royalties, other fiscal deductions, value-added taxes, and payroll taxes. As a responsible operator and corporate citizen, the Company is committed to complying with all relevant tax laws in every jurisdiction where it operates. Adhering to tax laws and regulations is fundamental to our license to operate, and we take this obligation seriously.

Risk Management

Understanding the principal risks that Challenger Energy faces, and ensuring that we then have appropriate controls in place to manage those risks, is critical to our business operations. Managing business risks and opportunities is a key consideration in determining and then delivering against the Company's strategy. The Company's approach to risk management is not intended to eliminate risk entirely, but provides the means to identify, prioritise and manage risks and opportunities. This, in turn, enables the Company to effectively deliver on its strategic objectives in line with its appetite for risk.

The Board's Responsibility for Risk Management

The Board has overall responsibility for ensuring Challenger Energy's risk management and internal control frameworks are appropriate and are embedded at all levels throughout the organisation. Principal risks are reviewed by the Board and are specifically discussed in relation to setting the Company's strategy, developing the business plan to deliver that strategy, and agreeing annual work programmes and budgets.

Principal risks and uncertainties

The principal risks facing Challenger Energy, together with a description of our assessment of the potential impacts of those risks eventuating, the appetite / tolerance for the risk, and mitigation strategies and measures, are presented below. Identified risks are segregated between those that we can influence and those which are outside our control. Where we can influence risks, we have more control over outcomes. Where risks are external to the business, we focus on how we control the consequences of those risks materialising.

KEY RISKS THAT WE CAN INFLUENCE

1. Risks related to health, safety, environment and security ('HSE&S')

Description of the risk

Oil and gas exploration, development and production activities can be complex and are physical in nature. HSE&S risks cover many areas including major accidents, personal health and safety, compliance with regulations and potential environmental harm.

Potential impact if the risk materialises: High

Probability of the risk materialising: Low

Risk Appetite

Challenger Energy has a very low appetite for risks associated with HSE&S – it is a central tenet of our business that achievement of our commercial objectives should not come at the expense of harm to people, community or the environment.

Mitigation

At all times Challenger Energy strives to ensure the safety of its employees, contractors and visitors, and we strive for a zero-incident rate. We are very conscious of the natural environment that we operate in and seek to minimise our environmental impact and footprint. This mitigation effort is reflected in various ongoing activities, including training, safety awareness activities, adoption and implementation of policies and procedures, and rigorous HSE&S controls and monitoring.

2. Risks related to exploration, appraisal, development and production of hydrocarbons

Description of the risk

The ultimate success of Challenger Energy is based on its ability to create value through exploration activity across the existing portfolio, to maintain and grow production from existing assets, and to undertake selective activity to grow the asset portfolio. Failure to do so may adversely impact on the Company's business.

Potential impact if the risk materialises: High

Probability of the risk materialising: Moderate

Risk Appetite

Challenger Energy has some tolerance for this risk given that it is central to the business proposition for any hydrocarbon exploration and production company, but acknowledges the need to have effective controls in place in this area to mitigate the risk to the greatest extent possible.

Mitigation

The Company's team of employees are very experienced in the industry and in the operation of oil and gas assets at various stages of their life cycle – from identification and securing of assets through to exploration, appraisal, development and production. In addition, Challenger Energy has built a trusted network of service providers who are similarly familiar with the assets / business.

3. Risks relating to geology, including reserves and resources

Description of the risk
The evaluation of geology, including the estimation of oil and gas reserves and resources, typically involves a high level of subjective judgment based on available geological, technical and economic information.

Potential impact if the risk materialises: Medium
Probability of the risk materialising: Low

Risk appetite
Challenger Energy tolerates some risk related to the estimation of reserves and resources given that it is central to the business proposition for any hydrocarbon exploration and production company.

Mitigation
The Company has a strong focus on subsurface analysis, and our business activities are typically technically led. We employ industry technical specialists and qualified reservoir engineers and geologists who work closely with our team to ensure integrity in evaluation of assets and optimal asset performance.

4. Risks arising from a concentrated portfolio

Description of the risk
Challenger Energy's assets are concentrated in three locations in the western Atlantic margin (Uruguay, Trinidad and Tobago, and The Bahamas), with a disproportionate share of the Company's current overall value being concentrated in only one location: Uruguay. This exposes Challenger Energy disproportionately to adverse events / developments occurring in those locations.

Potential impact if the risk materialises: Medium
Probability of the risk materialising: High

Risk appetite
Challenger Energy has a moderate appetite for this risk, recognising that it is an inevitable feature of the Company's business model.

Mitigation
The Company seeks to maintain active understanding and involvement in the countries / communities in which it operates, so as to be aware of emerging risks and prepared as to how best to respond. Additionally, the Company is continuously seeking to selectively add new assets in new locations, so as to spread the portfolio concentration risk more broadly.

5. Financing risk

Description of the risk
Oil and gas exploration, development and production activities are capital intensive. The Company relies on investment capital to operate its business. Failure to be able to access investment capital when required could adversely impact the Company's business.

Potential impact if the risk materialises: High
Probability of the risk materialising: Moderate

Risk appetite
Challenger Energy has a low appetite for financing risk, because the inability to fund financial commitments, including licence obligations, could significantly delay the development of the Company's assets and erode value creation. Moreover, financial or operational commitments are often a pre-condition to the grant of a licence, and the Company's inability to satisfy these could result in financial penalties and/or termination of licences, which would negate the entire premise of the Company's business.

Mitigation
Challenger Energy has a strong track record over many years of successfully raising finance to fund its activities as and when required. The Company's Board and senior management have deep experience and a strong track record in sourcing investment capital for hydrocarbon exploration and production businesses. Additionally, the Company has various specialist advisers to assist in this area.

Risk Management (continued)

6. Key personnel risk

Description of the risk
The Company has a relatively small group of key people responsible for the Company's activities and operations. The Company is thus exposed to the risk that arises if one or more of those key people were no longer available to provide services.

Potential impact if the risk materialises:	Moderate
Probability of the risk materialising:	Moderate

Risk appetite
Challenger Energy has a moderate appetite for this risk, recognising that it is an inevitable feature of the Company's size and business model.

Mitigation
The Company, wherever possible, seeks to ensure that "back-up" capability exists for all key tasks and responsibilities. The Company maintains procedures and policies to enable continuing operations in various contingency situations, including the loss of key personnel. The Company also has various retention and incentive arrangements in place, designed to secure ongoing service of key personnel.

7. Risks associated with bribery and corruption

Description of the risk
There is a risk that third parties or staff could be encouraged to become involved in corrupt or questionable practices. This risk is especially pronounced given that some of the jurisdictions in which the Company operates are considered "developing", and thus may lack some of the regulatory controls typically associated with more developed economies.

Potential impact if the risk materialises:	High
Probability of the risk materialising:	Low-moderate

Risk appetite
Challenger Energy has a zero-tolerance policy regarding bribery and corruption. This is because any involvement in, or even mere association with bribery and corruption exposes the Company and the people who work in the Company's businesses to potential civil and criminal liability, as well as significantly eroding the Company's reputation and "social licence to operate", on which the Company's viability depends.

Mitigation
Challenger Energy, its Board and management have an established anti-bribery and corruption ("ABC") policy, which is strictly enforced, and which is also reinforced through frequent mandatory training and awareness programs for all staff. The Company also requires and ensures that third-party contractors and advisers follow its procedures and policies related to ABC.

KEY RISKS BEYOND OUR INFLUENCE

8. Fiscal and political risks

Description of the risk
The Company operates in multiple jurisdictions, including the Isle of Man, the United Kingdom, Uruguay, Trinidad and Tobago, and The Bahamas. The Company is therefore exposed to in-country fiscal and political risk in each jurisdiction in which it operates. In particular, several of these jurisdictions are considered to be "emerging" or "developing" markets, where the fiscal and political risk – real or perceived – may be higher than that typically encountered in more developed markets.

Potential impact if the risk materialises:	High
Probability of the risk materialising:	Moderate

Risk appetite
Challenger Energy accepts a modest amount of fiscal and political risk, as a natural feature of its business model.

Mitigation
The Company closely monitors the fiscal and political situation in the jurisdictions it operates in with a view to identifying and minimising the downside risk presented by changes in fiscal and political circumstances, and considers the current structure and operation of the respective governments in each of the jurisdictions of its operations to present low risk to the Company. Further, the Company seeks to interact regularly and proactively with relevant Governments, Government Ministries and Agencies, and the state-owned oil and gas companies in the jurisdictions in which it operates. Challenger Energy has no exposure to Russian oil production, and enacted sanctions have had no impact on the Company's business or operations. Challenger Energy has no US-based operations, and does not rely on US-sourced equipment or supplies, and thus recent developments in relation to tariffs in the United States are not expected to have any material impact on the Company's business.

9. Risks related to general market and economic conditions

Description of the risk
The Company operates in an industry that is globally significant, and where industry activity and sentiment is highly sensitive to changes in macro-economic and general market conditions.

Potential impact if the risk materialises: Moderate
Probability of the risk materialising: Moderate

Risk appetite
Challenger Energy has a moderate appetite for this risk.

Mitigation
The Company closely monitors the general economic and market conditions in the jurisdictions it operates in with a view to identifying and minimising the downside risk presented by changes in those conditions.

10. Foreign exchange risk

Description of the risk
The Company's principal reporting and operating currency is United States dollars, but it conducts operations in various jurisdictions, and has expenses denominated in various other currencies, including in UK Pounds Sterling, Uruguayan pesos, Bahamian dollars, and Trinidad and Tobago dollars. As such, the Company is exposed to the risk of adverse movements in the exchange rate between various currencies.

Potential impact if the risk materialises: Moderate
Probability of the risk materialising: Moderate

Risk appetite
Challenger Energy has a low-to-moderate appetite for this risk.

Mitigation
The Company maintains deposits in various currencies, especially USD and GBP, typically in sufficient amount to cover all forecast expenses in that currency for the next 6-12 months, such that the Company is naturally hedged against short-term adverse currency movements. While the Company has not hedged its currency exposure in the past, the Company closely monitors currency fluctuations with a view to assessing potential downside risk vis-à-vis foreign currency requirements (and the timing thereof) so as to determine the efficacy of any potential hedge.

11. Risks related to oil sales

Description of the risk
All of the Company's current production is derived from its assets in Trinidad and Tobago and sold to a single customer, Heritage Petroleum Company Limited, the Trinidad and Tobago state-owned national oil and gas company. The Company is thus exposed to the risk of having only a single customer, as well as exposed to commodity price risk in relation to sales of crude oil. Demand can be negatively affected by economic conditions in Trinidad and Tobago, and globally.

Potential impact if the risk materialises: High
Probability of the risk materialising: Moderate

Risk appetite
Challenger Energy accepts demand risk related to its crude oil production. The Company has a low-to-moderate appetite for commodity price risk, in that a decline in oil prices could adversely affect the profitability, cash flow and financial position of the Company's business in Trinidad and Tobago.

Mitigation
All of the Company's production in Trinidad is sold to Heritage Petroleum Company Limited under the terms of the respective production licences / production sharing agreements, under which the Company is fully exposed to adverse commodity price fluctuation (and also conversely benefits from favourable commodity price movement). There is no history of Heritage Petroleum Company Limited refusing delivery of crude produced by the Company, and the Company accepts this potential risk. The Company does not use hedging instruments to mitigate oil price risk as the volumes are relatively small and significant volatility observed in crude prices in the recent years coupled with oil futures curve backwardation make it difficult to assess effectiveness of a hedge.

Directors' Report

The Directors present their report and the audited financial statements of Challenger Energy Group PLC ("Challenger Energy" or "the Company") and the consolidated group consisting of the Company and the entities it controlled (the "Group") at the end of, or during, the financial year ended 31 December 2024.

Directors

The following persons were Directors of the Company for the whole of the financial year under review:

Iain McKendrick (Non-Executive Chairman)
Stephen Bizzell (Non-Executive Director)
Simon Potter (Non-Executive Director)
Eytan Uliel (Chief Executive Officer and Managing Director)

Mr. Robert Bose (Non-Executive Director) joined the Board of Directors of the Company on 20 May 2024.

Principal Activity

The principal activity of the Group during the financial year under review consisted of oil and gas exploration, appraisal, development and production in Uruguay, Trinidad and Tobago and The Bahamas.

Results and dividends

The results of the Group for the year are set out on page 25 and show a loss for the year ended 31 December 2024 of $1,050,000 (2023: loss of $13,421,000). The total comprehensive loss for the year of $1,319,000 (2023: loss of $10,986,000) has been transferred to the retained deficit. The results include an impairment charge of intangible and tangible assets in Trinidad and Tobago totalling $4,723,000 (2023: $12,957,000, this prior year amount including a full write down of goodwill of $4,610,000).

The Directors do not recommend payment of a dividend (2023: nil).

Significant Shareholders

The following tables represent shareholdings of 3% or more notified to the Company as at 31 December 2024:

Shareholder	Shares Held	%
Hargreaves Lansdown Asset Management	27,325,179	11.16
Choice Investments (Dubbo) Pty Ltd	16,740,000	6.84
Mr. Eytan Uliel	15,122,432	6.18
Hobart Capital	13,998,925	5.72
Bizzell Capital Partners	12,892,671	5.26
Interactive Investor	11,698,561	4.78
Mr. Mark Carnegie	11,200,000	4.57
Rookharp Capital Pty Ltd	10,560,000	4.31
Charlestown Energy(*)	9,000,000	3.68
Interactive Brokers	8,886,322	3.63
Merseyside Pension Fund	8,347,000	3.41
Morgan Stanley	7,900,245	3.23
TOTAL	**153,671,335**	**62.77**

(*)Charlestown Energy held a convertible note in the Company, which was converted on 8 November 2024 into 20 million shares, which in aggregate represented an interest of approximately 8.17% in the Company. On issuance those shares were allocated between Charlestown Energy and various investment partners of Charlestown Energy, such that Charlestown Energy's holding was 9 million shares, and the holding of other parties represents the balance of 11 million shares.

The table above is updated regularly by the Company to reflect movements in shareholdings as notified to the Company from time to time. For the most up-to-date listing, shareholders should refer to the Company's website: www.cegplc.com/investor-relations/major-shareholders.

Directors' Shareholding and Options

The interests in the Company at balance sheet date of all Directors who hold or held office on the Board of the Company at the year-end and subsequent to year-end are stated below.

Director	Number of Shares 31-Dec-24	Number of Options 31-Dec-24
Iain McKendrick	1,709,198	2,240,000
Simon Potter	1,437,256	1,480,000
Stephen Bizzell	1,023,786	1,480,000
Robert Bose	–(*)	1,480,000
Eytan Uliel	15,122,432	9,200,000
Total	**19,292,672**	**15,880,000**

(*)Note: Mr. Robert Bose is a Managing Member of Charlestown Energy which held a 3.68% investment in the Group as at 31 December 2024.

Record of Board Meetings

There were 3 formal board meetings of the Company during the financial year.

Director	Number of Board Meetings Attended	Number of Board Meetings Eligible to Attend
Iain McKendrick	3	3
Simon Potter	3	3
Stephen Bizzell	3	3
Robert Bose	2	2
Eytan Uliel	3	3

During the period there were also a number of ad-hoc and informal gatherings of the Board to discuss various items.

Statement of Directors’ Responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable Isle of Man law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. The Directors have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Accounting Standards as adopted by the IASB (“IFRSs”). The financial statements are required by law to give a true and fair view of the assets, liabilities and financial position of the Group and the Company and of the profit or loss of the Group and Company for that period.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the 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 proper accounting records that are sufficient to show and explain the Group and Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and to enable them to ensure that the financial statements comply with the Isle of Man Companies Acts 1931 to 2004. 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 Company’s website. Legislation in the Isle of Man governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

Eytan Uliel
Director
12 June 2025

Independent auditor's report to the members of Challenger Energy Group PLC

Opinion

We have audited the financial statements of Challenger Energy Group PLC ("Company") and its subsidiaries (the "Group"), which comprise the Consolidated Statement of Comprehensive Income, Consolidated and Company Statements of Financial Position, Consolidated and Company Statements of Cash Flows and Consolidated and Company Statements of Changes in Equity for the year ended 31 December 2024, and the related notes to the financial statements, including material accounting policy information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Accounting Standards as adopted by IASB (IFRS).

In our opinion, Challenger Energy Group PLC's consolidated and company financial statements:

- give a true and fair view in accordance with IFRS of the assets, liabilities and financial position of the Group and the Company as at 31 December 2024, and of the Group and Company's financial performance and cash flows for the year then ended; and
- have been properly prepared in accordance with the requirements of the Isle of Man Companies Acts of 1931 to 2004.

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 'Responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the Group and Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Isle of Man, including the FRC's Ethical Standard and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the entity. 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the validity of the directors' assessment of the Group and Company's ability to continue to adopt the going concern basis of accounting included:

- gaining an understanding of the business and the management's process for developing a going concern assessment;
- evaluating management's future cash flow forecasts prepared up to December 2026 and the process by why they were prepared, verifying the mathematical accuracy of calculations, and agreeing the opening and subsequent period cash positions;
- assessing management's underlying cash flow projections and evaluating and challenging the assumptions such as corporate and administrative expenses. In doing so, we compared forecast costs with historical expenditure trends, post year end management accounts and to other external and internal sources, where appropriate;
- assessing and validating the impact of the expected post year end cash inflow sources including the proceeds from sale of the Group's business, assets and operations in Trinidad and Tobago and refund of performance guarantee;
- making inquiries with management and reviewing the board minutes in order to understand the future plans and to identify potential contradictory information; and
- assessing the completeness and appropriateness of management's going concern disclosures in the financial statements.

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

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

Independent auditor's report to the members of Challenger Energy Group PLC (continued)

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 financial period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and the directing of 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 therefore we do not provide a separate opinion on these matters.

Overall audit strategy

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including evaluating whether there was any evidence of potential bias that could result in a risk of material misstatement due to fraud.

Based on our considerations as set out below, our areas of focus included:

- Valuation of the Group's intangible exploration and evaluation assets; and
- Valuation of the Group's tangible oil and gas assets.

How we tailored the audit scope

Challenger Energy Group Plc is the holder of several oil & gas exploration and production licences located in Uruguay, Trinidad & Tobago and The Bahamas.

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the directors that may have represented a risk of material misstatement.

We performed an audit of the financial information of four components and performed specified audit procedures for a further six components. The remaining components of the Group were considered non-significant and these components were subject to analytical procedures.

Components represent business units across the Group considered for audit scoping purposes.

Materiality and audit approach

The scope of our audit is influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, such as our understanding of the entity and its environment, the history of misstatements, the complexity of the Group and the reliability of the control environment, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the Group and Company at 0.75% of total assets at 31 December 2024. We have applied this benchmark because the main objective of the Group is to utilise its existing oil and gas assets and exploration and evaluation assets to provide investors with returns on their investments.

We have set performance materiality for the Group and Company at 65% of materiality, having considered business risks and fraud risks associated with the entity and its control environment. This is to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole.

We agreed with the audit committee and directors that we would report to them misstatements identified during our audit above 2.5% of Group and Company materiality, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Significant matters identified

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are set out below as significant matters together with an explanation of how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole. This is not a complete list of all risks identified by our audit.

Significant matter	Description of Significant Matter and Audit Response
Valuation of the Group's intangible exploration and evaluation assets **(Notes 1.28 (i) and (iii), 10, 12 and 14)**	The intangible exploration and evaluation assets include an amount of $94.0 million (2023: $94.0 million) relating to the exploration and evaluation assets in the Bahamas. The offshore exploration license is pending renewal with the Bahamian Government for a third three-year exploration period since March 2021. The Group believes that the extensive studies showing sufficient potential hydrocarbon volumes in untested horizons and structures within the Bahamas licence area support the recoverability of the Group's capitalised exploration costs, however, the delay on the part of the Bahamian Government may result in some or all of the carrying value of the capitalised exploration costs not fully recoverable. The Group remains in discussions with the Bahamian Government over the terms of the licence renewal. The Group reviews and tests for impairment its exploration and evaluation assets on an ongoing basis when facts and circumstances suggest that the carrying amount may exceed its recoverable amount. The Group's intangible exploration and evaluation assets amounted to $94.8 million as at 31 December 2024 (2023: $95.7 million). The valuation of the Group's intangible exploration and evaluation assets also impacts the Company's investment in subsidiaries holding the Group's intangible exploration and evaluation assets amounting to $43.7 million (2023: $29.6 million) and the amount owed by subsidiary undertakings amounted to $114.1 million (2023: $114.9 million). The recoverability of the Company's investments in subsidiaries and amounts owed by subsidiary undertakings are dependent on successful development or sale of the respective licence areas. Significant auditor's attention was deemed appropriate because of the materiality of the exploration and evaluation assets and the pending renewal of the Bahamas licences into a third exploration period since March 2021. In addition, the valuation of the Group's exploration and evaluation is a key judgmental area due to the level of subjectivity in estimating the expected future cash flows. As a result, we considered these as key audit matters. The following audit work has been performed to address the risks: • Obtaining an understanding and evaluation of the design and implementation of key controls relevant to the valuation processes; • Obtained management's assessment of each impairment trigger in accordance with IFRS 6 – Exploration of Mineral Resources and performed test of reasonableness on the assumptions used including sensitivity analysis of prospect volumes of the explorations; • Assessed whether the Group had the rights to explore in the relevant geographical areas by obtaining supporting documentation such as licence agreements and assessed compliance with licence conditions. In doing so, we have obtained understanding of the licence renewal process and relevant documentation submitted to the Bahamian Government; • Enquired to determine whether management had the intention to carry out exploration and evaluation activity in the relevant exploration areas; • Reviewed and challenged management's cash flow forecast models to assess the level of the budgeted expenditure on these areas, and obtained details of contracts; • Assessed the outcome of drilling activities as to whether any impairment indicators were present to suggest that the carrying value of these exploration and evaluation assets is unlikely to be recovered through development or sale; and • Held meeting with management and their consultant regarding updates on their discussions with the Bahamian Government. Because of the inherent uncertainty surrounding the Bahamian licence renewal, the judgements and assumptions made by the Directors mentioned in Note 1.28 may differ from the actual results, and such differences could be material. The ultimate outcome of this matter is uncertain and the financial statements do not include any potential adjustments that may be required arising out of alternative outcomes.

Independent auditor's report to the members of Challenger Energy Group PLC (continued)

Significant matter	Description of Significant Matter and Audit Response
Valuation of the Group's tangible oil and gas assets **(Notes 1.28 (i) and 11)**	The carrying value of the Group's tangible oil and gas assets after impairment amounted to \$1.9 million as at 31 December 2024 (2023: \$7.6 million). Significant auditor's attention was deemed appropriate because of the materiality of the tangible oil and gas assets. In addition, the valuation of the Group's tangible oil and gas assets is a key judgmental area due to the level of subjectivity in estimating the expected future cash flows. As a result, we considered these as key audit matters. The following audit work has been performed to address the risks: • Obtaining an understanding and evaluation of the design and implementation of key controls relevant to the valuation processes; • Assessed the impairment model prepared by management and challenged the key assumptions in determining fair value less cost of disposal; • Assessed whether the model used was appropriate and checked the related calculations; • Discussed key assumptions underlying the impairment model with management, such as fair value and cost assumptions and performed procedures to validate their reasonableness. • Issued instructions to and directed the work of the component auditor in Trinidad and Tobago in relation to the audit of tangible oil and gas assets. • Held regular meetings with and reviewed the working papers of the component auditor to ensure that sufficient appropriate audit evidence was obtained over the recoverability of the Group's tangible oil and gas assets. We completed our planned audit procedures, with no exceptions noted.

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Acts 1931 to 2004 require us to report to you if, in our opinion:

- the Group and Company have not kept proper books of account, or if proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the books of account and returns; or
- the financial statements do not contain particulars as to loans to, and remuneration of, Directors; or
- we have not received all the information and explanations which are necessary for the purposes of our audit.

Responsibilities of management and those charged with governance for the financial statements

As explained more fully in the Statement of Director's Responsibilities, management is responsible for the preparation of the financial statements which give a true and fair view in accordance with IFRS, and for such internal control as directors determine necessary to enable the preparation of financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group and 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 management either intends to liquidate the Group or Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and Company's financial reporting process.

Responsibilities of the auditor for the audit of the financial statements

The objectives of an auditor 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 their opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of an auditor's 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatement in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with AIM Listing Rules, Data Privacy law, Employment Law, Environmental Regulations, Health & Safety, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the local law, Isle of Man Companies Act 1931 to 2004 and local tax legislations. The Audit engagement partner considered the experience and expertise of the engagement team to ensure that the team had appropriate competence and capabilities to identify or recognise non-compliance with the laws and regulation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial performance and management bias through judgements and assumptions in significant accounting estimates, in particular in relation to significant one-off or unusual transactions. We apply professional scepticism through the audit to consider potential deliberate omission or concealment of significant transactions, or incomplete/inaccurate disclosures in the financial statements.

The group engagement team shared the risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work.

Independent auditor’s report to the members of Challenger Energy Group PLC (continued)

In response to these principal risks, our audit procedures included but were not limited to:

- enquiries of management board and audit committee on the policies and procedures in place regarding compliance with laws and regulations, including consideration of known or suspected instances of non-compliance and whether they have knowledge of any actual, suspected or alleged fraud;
- inspection of the Group’s and Company’s regulatory and legal correspondence and review of minutes of board and audit committee meetings during the year to corroborate inquiries made;
- gaining an understanding of the entity’s current activities, the scope of authorisation and the effectiveness of its control environment to mitigate risks related to fraud;
- discussion amongst the engagement team in relation to the identified laws and regulations and regarding the risk of fraud, and remaining alert to any indications of non-compliance or opportunities for fraudulent manipulation of financial statements throughout the audit;
- identifying and testing journal entries to address the risk of inappropriate journals and management override of controls
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing
- challenging assumptions and judgements made by management in their significant accounting estimates, including impairment assessment of intangible exploration and evaluation assets, tangible oil and gas assets, investment in subsidiaries and amounts owed by subsidiary undertakings;
- reviewing of the financial statement disclosures to underlying supporting documentation and inquiries of management; and
- requesting information from component auditors on instances of non-compliance with laws or regulations that could give rise to a material misstatement of the group financial statements.

The primary responsibility for the prevention and detection of irregularities including fraud rests with those charged with governance and management. As with any audit, there remains a risk of non-detection or irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or override of internal controls.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company’s members, as a body, in accordance with Section 15 of Companies Act 1982. 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.

Cathal Kelly
(Senior Statutory Auditor)

For and on behalf of
Grant Thornton
Chartered Accountants & Statutory Auditors
13-18 City Quay
Dublin 2
Ireland

12 June 2025

Company Number 123863C

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024

	Note	Year ended 31 December 2024 $ 000's	Year ended 31 December 2023 $ 000's
Continuing operations			
Net petroleum revenue	**2**	3,454	3,588
Cost of sales		(3,908)	(4,162)
Gross loss		**(454)**	**(574)**
Administrative expenses	**2/3**	(6,391)	(4,362)
Impairment	**3/10/11**	(4,723)	(12,957)
Gain on disposal of intangible exploration and evaluation assets	**3/10**	9,285	–
Operating foreign exchange gain/(loss)		340	(1,969)
Operating loss		**(1,943)**	**(19,862)**
Other income		121	429
Finance costs, net	**9**	(306)	(99)
Loss before taxation from continuing operations		**(2,128)**	**(19,532)**
Benefit from/(provision) for income tax	**5**	25	(30)
Loss for the year from continuing operations		**(2,103)**	**(19,562)**
Discontinued operations			
Gain after tax for the year from discontinued operations	**13**	1,053	6,141
Loss for the year attributable to equity holders of the parent company		**(1,050)**	**(13,421)**
Other comprehensive (expense)/income			
Exchange differences on translation of foreign operations		(269)	2,435
Other comprehensive (expense)/income for the year net of taxation		**(260)**	**2,435**
Total comprehensive expense for the year attributable to equity holders of the parent company		**(1,319)**	**(10,986)**
(Loss)/earnings per share (cents)	**8**		
Basic (loss)/earnings per share			
- From continuing operations		(0.98)	(0.20)
- From discontinued operations		0.49	0.06
Total		(0.49)	(0.14)
Diluted earnings (loss) per share			
- From continuing operations		–	–
- From discontinued operations		–	–
Total		–	–

The accompanying accounting policies and notes form an integral part of these financial statements.
Refer to note 26 for the Company's comprehensive expense for the year.

Consolidated Statement of Financial Position
At 31 December 2024

	Note	At 31 December 2024 $ 000's	At 31 December 2023 $ 000's
Assets			
Non-current assets			
Intangible exploration and evaluation assets	**10**	94,766	95,726
Goodwill	**10**	–	–
Tangible assets	**11**	3,858	9,734
Escrow and abandonment funds	**14**	1,656	1,601
Deferred tax asset	**5**	1,333	4,637
Total non-current assets		**101,613**	**111,698**
Current assets			
Trade and other receivables	**14**	2,709	3,202
Inventories	**15**	148	280
Restricted cash	**16**	1,299	825
Cash and cash equivalents	**18**	8,434	1,005
Total current assets		**12,590**	**5,312**
Total assets		**114,203**	**117,010**
Liabilities			
Non-current liabilities			
Provisions	**19**	(4,805)	(5,669)
Deferred tax liability	**5**	(1,378)	(4,707)
Total non-current liabilities		**(6,183)**	**(10,376)**
Current liabilities			
Trade and other payables	**17**	(7,644)	(8,182)
Borrowings	**18**	–	–
Total current liabilities		**(7,644)**	**(8,182)**
Total liabilities		**(13,827)**	**(18,558)**
Net assets		**100,376**	**98,452**
Shareholders' equity			
Called-up share capital	**20**	3,206	2,753
Share premium reserve	**20**	183,235	180,507
Share based payments reserve	**21**	5,698	5,636
Retained deficit		(110,722)	(109,672)
Foreign exchange reserve		(4,325)	(4,056)
Other reserves	**20**	23,284	23,284
Total equity attributable to equity holders of the parent company		**100,376**	**98,452**

The accompanying accounting policies and notes form an integral part of these financial statements.
Refer to note 26 for the Company's comprehensive expense for the year.

These financial statements were approved and authorised for issue by the Board of Directors of the Company on 12 June 2025 and signed on its behalf by:

Eytan Uliel
Director

Iain McKendrick
Director

Company Number 123863C

Company Statement of Financial Position

At 31 December 2024

	Note	At 31 December 2024 $ 000's	At 31 December 2023 $ 000's
Assets			
Non-current assets			
Property, plant and equipment	**11**	2	5
Investment in subsidiaries	**12**	43,650	43,650
Trade and other receivables	**14**	114,057	114,903
Total non-current assets		**157,709**	**158,558**
Current assets			
Trade and other receivables	**14**	415	165
Restricted cash	**16**	1,007	525
Cash and cash equivalents	**18**	8,134	594
Total current assets		**9,556**	**1,284**
Total assets		**167,265**	**159,842**
Liabilities			
Non-current liabilities			
Borrowings	**18**	–	–
Total non-current liabilities		**–**	**–**
Current liabilities			
Trade and other payables	**17**	(10,690)	(1,978)
Borrowings	**18**	–	–
Total current liabilities		**(10,690)**	**(1,978)**
Total liabilities		**(10,690)**	**(1,978)**
Net assets		**156,575**	**157,864**
Shareholders' equity			
Called-up share capital	**20**	3,206	2,753
Share premium reserve	**20**	183,235	180,507
Share based payments reserve	**21**	5,328	5,266
Retained deficit		(64,729)	(60,197)
Other reserve	**20**	29,535	29,535
Total equity attributable to equity holders of the parent company		**156,575**	**157,864**

The accompanying accounting policies and notes form an integral part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Directors of the Company on 12 June 2025 and signed on its behalf by:

Eytan Uliel
Director

Iain McKendrick
Director

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Year ended 31 December 2024 $ 000's	Year ended 31 December 2023 $ 000's
Cash flows from operating activities		
Loss before taxation from continuing operations	(2,128)	(19,532)
Decrease/(increase) in trade and other receivables	172	(549)
Increase in trade and other payables and provisions	107	445
Decrease/(Increase) in inventories	111	(115)
Impairment of tangible and intangible assets (notes 10 and 11)	4,723	12,957
Depreciation of property, plant and equipment (note 11)	1,377	1,617
Gain on disposal of Intangible exploration and evaluation assets (notes 3 and 10)	(9,285)	–
Loss on disposal of property, plant and equipment (note 11)	(12)	80
Amortisation (note 10)	25	26
Share settled payments (note 21)	149	102
Other income	(121)	(429)
Finance costs (note 9)	306	99
Share based payments (note 21)	62	1
Foreign exchange (gain)/loss on operating activities	(340)	1,969
Net cash outflow from operating activities	**(4,854)**	**(3,329)**
Cash flows from investing activities		
Purchase of property, plant and equipment (note 11)	(260)	(93)
Proceeds from sale of property, plant and equipment	55	–
Payments for exploration and evaluation assets	(1,732)	(1,039)
Increase in restricted cash	(473)	(1)
Proceeds on disposal of Intangible exploration and evaluation assets (note 3)	12,730	–
Proceeds from sale of subsidiaries, net of cash sold	(1)	2,194
Other income received	195	67
Interest received (note 9)	53	–
Net cash inflow from investing activities	**10,567**	**1,128**
Cash flows from financing activities		
Principal elements of lease payments	–	(22)
Finance costs	(2)	(19)
Proceeds of borrowings (note 18)	1,800	636
Repayment of borrowings (note 18)	–	(432)
Net cash inflow from financing activities	**1,798**	**163**
Net increase/(decrease) in cash and cash equivalents	**7,511**	**(2,038)**
Effects of exchange rate changes on cash and cash equivalents	(82)	591
Cash and cash equivalents at beginning of year	1,005	2,452
Cash and cash equivalents at end of year	**8,434(*)**	**1,005(*)**
Cash and cash equivalents included in disposal group	–	–
Cash and cash equivalents for continuing operations	**8,434(*)**	**1,005(*)**

(*)This does not include $1,299,000 in restricted cash holdings at 31 December 2024 (2023: 825,000) - refer to note 16 for details.

The accompanying accounting policies and notes form an integral part of these financial statements.

Company Statement of Cash Flows

For the year ended 31 December 2024

	Year ended 31 December 2024 $ 000's	Year ended 31 December 2023 $ 000's
Cash flows from operating activities		
Loss before taxation	(4,532)	(9,070)
(Increase)/decrease in trade and other receivables	(250)	127
Decrease in trade and other payables	(377)	(155)
Depreciation (note 11)	3	12
Provision for doubtful recovery of intercompany receivable	784	(161)
Impairment of investment in subsidiaries	–	7,300
Loss on disposal of property, plant and equipment (note 11)	–	35
Share settled payments (note 21)	149	102
Other income	(47)	–
Finance costs net	283	94
Foreign exchange loss/(gain) on operating activities	157	(217)
Share based payments (note 21)	62	1
Net cash outflow from operating activities	**(3,768)**	**(1,932)**
Cash flows from investing activities		
Payments to acquire tangible assets (note 11)	–	(5)
Increase in restricted cash	(482)	(1)
Proceeds from disposal of subsidiaries	–	1,900
Proceeds on disposal of Intangible exploration and evaluation assets (note 3)	12,730	–
Advances to and payments on behalf of group companies	(2,791)	(1,750)
Other income received	122	–
Interest received	53	–
Net cash inflow from investing activities	**9,632**	**144**
Cash flows from financing activities		
Finance costs	(7)	(6)
Proceeds of borrowings (note 18)	1,800	636
Repayment of borrowings (note 18)	–	(432)
Net cash inflow from financing activities	**1,793**	**198**
Net increase/(decrease) in cash and cash equivalents	**7,657**	**(1,590)**
Effects of exchange rate changes on cash and cash equivalents	(117)	10
Cash and cash equivalents at beginning of year	594	2,174
Cash and cash equivalents at end of year	**8,134(*)**	**594(*)**

(*)This does not include $1,007,000 in restricted cash holdings at 31 December 2024 (2023: $525,000) - refer to note 16 for details.

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity
For the year ended 31 December 2024

	Called up share capital $ 000's	Share premium reserve $ 000's	Share based payments reserve $ 000's	Retained deficit $ 000's	Foreign exchange reserve $ 000's	Other reserves $ 000's	Total Equity $ 000's
Group							
At 1 January 2023	**2,540**	**180,240**	**5,635**	**(96,999)**	**(5,743)**	**23,284**	**108,957**
Loss for the year	–	–	–	(13,421)	–	–	(13,421)
Currency translation differences	–	–	–	748	1,687	–	2,435
Total comprehensive income/ (expense)	**–**	**–**	**–**	**(12,673)**	**1,687**	**–**	**(10,986)**
Share capital issued	213	267	–	–	–	–	480
Share based payments	–	–	1	–	–	–	1
Total contributions by and distributions to owners of the Company	**213**	**267**	**1**	**–**	**–**	**–**	**481**
At 31 December 2023	**2,753**	**180,507**	**5,636**	**(109,672)**	**(4,056)**	**23,284**	**98,452**
Loss for the year	–	–	–	(1,050)	–	–	(1,050)
Currency translation differences	–	–	–	–	(269)	–	(269)
Total comprehensive expense	**–**	**–**	**–**	**(1,050)**	**(269)**	**–**	**(1,319)**
Share capital issued	453	2,728	–	–	–	–	3,181
Share based payments	–	–	62	–	–	–	62
Total contributions by and distributions to owners of the Company	**453**	**2,728**	**62**	**–**	**–**	**–**	**3,243**
At 31 December 2024	**3,206**	**183,235**	**5,698**	**(110,722)**	**(4,325)**	**23,284**	**100,376**

The accompanying accounting policies and notes form an integral part of these financial statements.

Company Statement of Changes in Equity

For the year ended 31 December 2024

	Called up share capital $ 000's	Share premium reserve $ 000's	Share based payments reserve $ 000's	Retained deficit $ 000's	Other reserve $ 000's	Total Equity $ 000's
Company						
At 1 January 2023	**2,540**	**180,240**	**5,265**	**(51,127)**	**29,535**	**166,453**
Loss for the year	–	–	–	(9,070)	–	(9,070)
Total comprehensive expense	**–**	**–**	**–**	**(9,070)**	**–**	**(9,070)**
Share capital issued	213	267	–	–	–	480
Share based payments	–	–	1	–	–	1
Total contributions by and distributions to owners of the Company	**213**	**267**	**1**	**–**	**–**	**481**
At 31 December 2023	**2,753**	**180,507**	**5,266**	**(60,197)**	**29,535**	**157,864**
Loss for the year	–	–	–	(4,532)	–	(4,532)
Total comprehensive expense	**–**	**–**	**–**	**(4,532)**	**–**	**(4,532)**
Share capital issued	453	2,728	–	–	–	3,181
Share based payments	–	–	62	–	–	62
Total contributions by and distributions to owners of the Company	**453**	**2,728**	**62**	**–**	**–**	**3,243**
At 31 December 2024	**3,206**	**183,235**	**5,328**	**(64,729)**	**29,535**	**156,575**

The accompanying accounting policies and notes form an integral part of these financial statements.

Notes to the financial statements for the year ended 31 December 2024

1 Material accounting policy information

1.01 General information and authorisation of financial statements

The Group is the holder of several hydrocarbon exploration and production licences located in Uruguay, Trinidad and Tobago and The Bahamas.

The Company is a limited liability company incorporated and domiciled in the Isle of Man. The address of its registered office is The Engine House, Alexandra Road, Castletown, Isle of Man IM9 1TG. The Company's review of operations and principal activities is set out in the Directors' Report. See note 12 to the financial statements for details of the Company's principal subsidiaries.

The accounting reference date of the Company is 31 December.

1.02 Statement of compliance with IFRS

The Group's financial statements have been prepared in accordance with International Financial Reporting Accounting Standards as adopted by IASB ("IFRS"). The Company's financial statements have been prepared in accordance with IFRS and as applied in accordance with the provisions of the Isle of Man Companies Acts 1931 to 2004. As permitted by part 1 Section 3(5) of the Isle of Man Companies Act 1982, the Company has elected not to present its own Statement of Comprehensive Income for the year. The principal accounting policies adopted by the Group and the Company are set out below.

New standards, interpretations and amendments adopted without an impact on the Group's consolidated financial statements effective from 1 January 2024

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Non-current Liabilities with Covenants (Amendments to IAS 1)

New and revised standards and interpretations not applied

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Group and the Company. These standards are not expected to have a material impact on the Group and the Company in the current or future reporting periods and on foreseeable future transactions.

1.03 Basis of preparation

The financial statements have been prepared on the historical cost basis, except for the measurement of certain assets and financial instruments at fair value as described in the accounting policies below.

The financial statements have been prepared on a going concern basis, refer to note 1.28 for more details.

The financial statements are presented in United States Dollars ($) and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated.

1.04 Basis of consolidation

The financial statements incorporate the results of the Company and the Group using the acquisition method. Control is achieved where the Company is exposed to, or has rights to, variable returns from its involvement with the relevant Group entity and has the ability to affect those returns through its power over that entity.

Inter-company transactions and balances between Group companies are eliminated in full.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group.

1.05 Business combinations

On the acquisition of a subsidiary, the business combination is accounted for using the acquisition method. In the consolidated statement of financial position, the acquiree's identifiable assets and liabilities are initially recognised at their fair values at the acquisition date. The cost of an acquisition is measured as the fair value of aggregated amount of the consideration transferred, measured at the date of acquisition. The consideration paid is allocated to the assets acquired and liabilities assumed on the basis of fair values at the date of acquisition. Acquisition costs not directly related to the issuance of shares in consideration are expensed when incurred and included in administrative expenses. Acquisition costs which are directly related to the issuance of shares in consideration are deducted from share premium. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained.

If the cost of acquisition exceeds the fair value of the identifiable net assets attributable to the Group, the difference is considered as purchased goodwill, which is not amortised but annually reviewed for impairment. In the case that the identifiable net assets attributable to the Group exceed the cost of acquisition, the difference is recognised in profit or loss as a gain on bargain purchase.

1 Material accounting policy information (continued)

1.05 Business combinations continued
If the initial accounting for a business combination cannot be completed by the end of the reporting period in which the combination occurs, only provisional amounts are reported, which can be adjusted during the measurement period of up to 12 months after acquisition date.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

1.06 Intangible assets – exploration and evaluation assets
Exploration and evaluation expenditure incurred which relates to more than one area of interest is allocated across the various areas of interest to which it relates on a proportionate basis. Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. The area of interest adopted by the Group is defined as a petroleum title.

Expenditure in the area of interest comprises direct costs and an appropriate portion of related overhead expenditure but does not include general overheads or administrative expenditure not linked to a particular area of interest.

As permitted under IFRS 6, exploration and evaluation expenditure for each area of interest, other than that acquired from the purchase of another entity, is carried forward as an asset at cost provided that one of the following conditions is met:

- the costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale; or
- exploration and/or evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Such costs are initially capitalised as intangible assets and include payments to acquire the legal right to explore, together with the directly related costs of technical services and studies, seismic acquisition, exploratory drilling and testing. Exploration and evaluation expenditure which fails to meet at least one of the conditions outlined above is taken to the consolidated statement of comprehensive income.

Expenditure is not capitalised in respect of any area of interest unless the Group's right of tenure to that area of interest is current.

Intangible exploration and evaluation assets in relation to each area of interest are not amortised until the existence (or otherwise) of commercial reserves in the area of interest has been determined.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount. In accordance with IFRS 6, the Group reviews and tests for impairment on an ongoing basis and specifically if the following occurs:

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

An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Net proceeds from any disposal of an exploration asset are initially credited against the previously capitalised costs. Any surplus proceeds are credited to the consolidated statement of comprehensive income.

1.07 Oil and gas development/producing assets and commercial reserves
If the field is determined to be commercially viable, the attributable costs are transferred to development/production assets within tangible assets in single field cost centres.

Subsequent expenditure is capitalised only where it either enhances the economic benefits of the development/producing asset or replaces part of the existing development/producing asset.

Notes to the financial statements for the year ended 31 December 2024 (continued)

1 Material accounting policy information (continued)

1.07 Oil and gas development/producing assets and commercial reserves continued
Decreases in the carrying amount are charged to the consolidated statement of comprehensive income.

Net proceeds from any disposal of development/producing assets are credited against the previously capitalised cost. A gain or loss on disposal of a development/producing asset is recognised in the consolidated statement of comprehensive income to the extent that the net proceeds exceed or are less than the appropriate portion of the net capitalised costs of the asset.

Commercial reserves are proven and probable oil and gas reserves, which are defined as the estimated quantities of crude oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible. There should be at least a 50% statistical probability that the actual quantity of recoverable reserves will be more than the amount estimated as a proven and probable reserves.

1.08 Depletion and amortisation
All expenditure carried within each field is amortised from the commencement of production on a unit of production basis, which is the ratio of oil and gas production in the period to the estimated quantities of commercial reserves at the end of the period plus the production in the period, generally on a field-by-field basis. In certain circumstances, fields within a single development area may be combined for depletion purposes. Costs used in the unit of production calculation comprise the net book value of capitalised costs plus the estimated future field development costs necessary to bring the reserves into production. Changes in the estimates of commercial reserves or future field development costs are dealt with prospectively.

1.09 Decommissioning
Where a material liability for the removal of production facilities and site restoration at the end of the productive life of a field exists, a provision for decommissioning is recognised. The amount recognised is the present value of estimated future expenditure determined in accordance with local conditions and requirements. The cost of the relevant tangible fixed asset is increased with an amount equivalent to the provision and depreciated on a unit of production basis. Changes in estimates are recognised prospectively, with corresponding adjustments to the provision and the associated fixed asset.

1.10 Property, plant and equipment
Property, plant and equipment is stated in the consolidated statement of financial position at cost less accumulated depreciation and any recognised impairment loss. Depreciation on property, plant and equipment other than exploration and production assets, is provided at rates calculated to write off the cost less estimated residual value of each asset on a straight-line basis over its expected useful economic life. Depreciation rates applied for each class of assets are detailed as follows:

Furniture, fittings and equipment	1 – 4 years
Motor vehicles	5 years
Leasehold improvements	Over the life of the lease

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount with any impairment charge being taken to the consolidated statement of comprehensive income.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised in the consolidated statement of comprehensive income.

1.11 Non-current assets and liabilities classified as held for sale and discontinued operations
A discontinued operation is a component of the Group that either has been disposed of, or is classified as held for sale. A discontinued operation represents a separate major line of the business for which a disposal or divestment is considered to be active and highly probable of taking place at reporting date. Profit or loss from discontinued operations comprises the post-tax profit or loss of discontinued operations and the post-tax gain or loss recognised on the measurement to fair value less costs to sell or on the disposal group(s) constituting the discontinued operation.

Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets or deferred tax assets, continue to be measured in accordance with the Group's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortisation.

Any profit or loss arising from the sale of a discontinued operation or its remeasurement to fair value less costs to sell is presented as part of a single line item, profit or loss from discontinued operations. See Note 13 for further details.

1 Material accounting policy information (continued)

1.12 Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average cost formula, where cost is determined from the weighted average of the cost at the beginning of the period and the cost of purchases during the period. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.13 Revenue recognition
Revenue from sales of oil and natural gas is recognised at the transaction price to which the group expects to be entitled, exclusive of indirect taxes and excise duties. Revenue is recognised when performance obligations have been met, on delivery of product and when control of the product is transferred to the customer.

1.14 Foreign currencies
Transactions in foreign currencies are translated at the exchange rate ruling at the date of each transaction. Foreign currency monetary assets and liabilities are retranslated using the exchange rates at the balance sheet date. Gains and losses arising from changes in exchange rates after the date of the transaction are recognised in the consolidated statement of comprehensive income. This treatment of monetary items extends to the Group's intercompany loans whereby gains and losses arising from changes in the exchange rate after the date of transaction are also recognised in the consolidated statement of comprehensive income. Intercompany loans are provided to subsidiaries in the Group with the expectation that these loans will be collected in the foreseeable future. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated at the exchange rate at the date of the original transaction.

In the financial statements, the net assets of the Group are translated into its presentation currency at the rate of exchange at the balance sheet date. Income and expense items are translated at the average rates for the period. The resulting exchange differences are recognised in equity and included in the translation reserve. The consolidated financial statements and company financial statements are presented in United States Dollars ("$"), which is the functional currency of the Company. Subsidiaries in the Group have a range of functional currencies including United States Dollars, UK Pound Sterling, Trinidad and Tobago Dollars, Bahamian Dollars, and Euros.

1.15 Leases
The Group leases various offices, warehouses, equipment and vehicles. Rental contracts are typically made for lease terms of 12 months or less.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

1.16 Financial instruments

Financial assets
The Group classifies its financial assets as financial assets held at amortised cost. Management determines the classification of its financial assets at initial recognition.

The Group classifies its financial assets as financial assets held at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Measurement
Financial assets held at amortised cost are initially recognised at fair value, and are subsequently stated at amortised cost using the effective interest method. Financial assets at amortised cost comprise 'cash and cash equivalents' at variable interest rates, 'restricted cash', 'escrowed and abandonment funds' and 'trade and other receivables' excluding 'prepayments'.

Impairment of financial assets
The Group assesses, on a forward-looking basis, the expected credit losses associated with its financial assets held at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group applies the expected credit loss model to financial assets at amortised cost. When indicators of impairment exist for amounts due from subsidiary undertakings, expected credit losses are assessed on the basis that the loan is repayable on demand as of the reporting date. If the subsidiary has sufficient liquid assets to settle the loan immediately, any expected credit loss is likely to be immaterial. However, if the subsidiary cannot demonstrate its ability to repay the loan on demand, the Company recognises an expected credit loss. This involves estimating the potential loss based on how much of the loan is likely to be recovered and the expected timing of recovery, both of which require judgement.

Notes to the financial statements for the year ended 31 December 2024 (continued)

1 Material accounting policy information (continued)

1.16 Financial instruments continued

Financial liabilities

The Group classifies its financial liabilities as other financial liabilities. Other financial liabilities are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method. Other financial liabilities consist of 'trade and other payables' and 'lease liabilities'. Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Fair value measurement

Fair value is the price that would be received when selling an asset or paid to transfer a liability in an orderly transaction between market participants in its principal or most advantageous market at the measurement date. All assets and liabilities for which fair value is measured or disclosed in the financial statements are further categorised using the following three-level hierarchy that reflects the significance of the lowest level of inputs used in determining fair value.

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 - Pricing inputs are other than quoted prices in active markets used in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, included quoted forward price for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.
- Level 3 - Valuations in this level are those with inputs that are not based on observable market data.

At each reporting date, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing the level of classification for each financial asset and financial liability measured or disclosed at fair value in the financial statements based on the lowest level input that is significant to the fair value measurement as a whole. Assessments of the significance of a particular input to the fair value measurement require judgement and may affect the placement within the fair value hierarchy.

1.17 Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with financial institutions with original maturities of three months or less. For the purposes of the statement of cash flows, restricted cash is not included within cash and cash equivalents (refer to note 16 for details of restricted cash).

1.18 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are deducted, net of tax, from the share premium. Net proceeds are disclosed in the statement of changes in equity.

Costs of share issues are written off against the premium arising on the issues of share capital.

1.19 Finance costs

Borrowing costs are recognised as an expense when incurred.

1.20 Borrowings

Borrowings are initially recognised at fair value, net of any applicable transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method (if applicable).

Interest on borrowings is accrued as applicable to that class of borrowing.

Convertible loans

Loans with certain conversion rights are identified as compound instruments with the liability and equity components separately recognised. On initial recognition the fair value of the liability component is calculated by discounting the contractual stream of future cash flows using the prevailing market interest rate for similar non-convertible debt. The difference between the fair value of the liability component and the fair value of the whole instrument is recorded as equity within the convertible debt option reserve. Transaction costs are apportioned between the liability and the equity components of the instrument based on the amounts initially recognised. The liability component is subsequently measured at amortised cost using the effective interest rate method, in line with other financial liabilities. The equity component is not remeasured. On conversion of the instrument, equity is issued and the liability component is derecognised. The original equity component recognised at inception remains in equity. No gain or loss is recognised on conversion.

1 Material accounting policy information (continued)

1.21 Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

1.22 Dividends
Dividends are reported as a movement in equity in the period in which they are approved by the shareholders.

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

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

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and adjusted to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the consolidated statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

1.24 Impairment of assets
At each balance sheet date, the Group assesses whether there is any indication that its tangible and intangible assets have become impaired. Evaluation, pursuit and exploration assets are also tested for impairment when reclassified to oil and natural gas assets. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. The value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. This present value is discounted using a pre-tax rate that reflects current market assessments of the time value of money and of the risks specific to the asset, for which future cash flow estimates have not been adjusted. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is recognised as an impairment loss.

The Group's impairment policy is to recognise a loss relating to assets carried at cost less any accumulated depreciation or amortisation immediately in the consolidated statement of comprehensive income.

Impairment of goodwill
Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination. Goodwill is tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. An impairment loss is recognised on cash-generating units, if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit by first reducing the carrying amount of any goodwill allocated to the cash-generating unit, and then reducing the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

Notes to the financial statements for the year ended 31 December 2024 (continued)

1 Material accounting policy information (continued)

1.24 Impairment of assets continued
If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount but limited to the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised in the statement of comprehensive income. Impairment losses on goodwill are not subsequently reversed.

1.25 Employee benefits

Wages and salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits, expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Share-based payments
Where equity settled share-based instruments are awarded to employees or Directors, the fair value of the instruments at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of instruments that eventually vest. Market vesting conditions are factored into the fair value of the instruments granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where equity instruments are granted to persons other than employees or Directors, the consolidated statement of comprehensive income is charged with the fair value of goods and services received.

Bonuses
The Group recognises a liability and an expense for bonuses. Bonuses are approved by the Board and a number of factors are taken into consideration when determining the amount of any bonus payable, including the recipient's existing salary, length of service and merit. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Pension obligations
For defined contribution plans, the Group pays contributions to privately administered pension plans. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due.

Termination benefits
Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to a termination and when the entity has a detailed formal plan to terminate the employment of current employees without the possibility of withdrawal. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

1.26 Segmental reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. The performance of operating segments is assessed on the basis of key metrics applicable, such as barrels of oil produced per day, "netbacks" per barrel, revenue and operating profit.

The Board has determined there is a single operating segment: oil and gas exploration, appraisal, development and production. However, there are four geographical segments: Uruguay (operating), Trinidad and Tobago (including a single operating segment and a separate disposal group (refer to note 13)), The Bahamas (operating), and The Isle of Man, UK, Spain, Saint Lucia and Cyprus (all non-operating).

1.27 Share based payments reserve
This reserve is used to record the value of equity benefits provided to employees and Directors as part of their remuneration and provided to consultants and advisors hired by the Group from time to time as part of the consideration paid.

1 Material accounting policy information (continued)

1.28 Critical accounting estimates, judgements and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Recoverability of oil and gas exploration and production assets

Impairment of Trinidad and Tobago and Suriname intangible and tangible oil and gas assets and property plant and equipment

The Directors carried out an impairment review of the Group's tangible and intangible assets in Trinidad and Tobago, to determine whether the carrying value of these assets exceeded their fair value. The impairment assessment was undertaken by reference to various market data points and industry valuation standards, including, where applicable, discounted cashflows. Post-year-end the Group entered into an agreement for the sale of all of its business and operations in Trinidad and Tobago – completion of this transaction is pending as at the date of this report. Based on this agreement an implied valuation of $6 million (as announced on 18 February 2025) was used to apply a Fair Value Less Costs of Disposal methodology which has been considered in the impairment testing for the year ended 31 December 2024. Following this exercise, the Directors determined to record an impairment of $4,723,000 for the Trinidad and Tobago tangible assets.

For the year ended 31 December 2023, a $4,610,000 full write-down of goodwill was recorded. In addition to this, two of the cash generating units ("CGUs") located in Trinidad and Tobago did not meet performance expectations. For these continuing operations, an impairment assessment was prepared on a "value in use" basis using discounted future cash flows based on expected future field performance, a forward oil price of $70 per barrel and a pre-tax discount rate of 10%. Applying this methodology impairments were identified in the relevant CGUs. Consequently, an impairment of related Trinidad and Tobago tangible assets of $8,290,000 within these CGUs was recognised in the prior year balance sheet. A further impairment of $57,000 was recorded to the intangible asset in Suriname following the Group's decision to relinquish its licence there during the prior year.

Further sensitivity analysis performed in the 2023 impairment assessment determined the following:

- A $5 per barrel decrease in the oil prices would result increase the overall impairment charge to $8,879,000 to the CGUs;
- A 5% decrease in production would increase the overall impairment charge to $8,972,000 to the CGUs; and
- A 5% increase in the pre-tax discount rate would increase the overall impairment charge to $8,542,000 to the CGUs.

Refer to note 10 (intangible assets) and note 11 (tangible assets).

Carrying value of capitalised exploration costs

Costs capitalised as exploration assets are assessed for impairment when circumstances suggest that the carrying value may exceed its recoverable value. This assessment involves judgement as to the likely commerciality of the asset, the future revenues and costs pertaining and the discount rate to be applied for the purposes of deriving a recoverable value.

The carrying value of exploration costs at 31 December 2024 is $94,766,000 (2023: $95,726,000) relating almost entirely to the cost of exploration licences, geological and geophysical consultancy, seismic data acquisition and interpretation and the drilling of an exploration well in The Bahamas. The Group's exploration activities are subject to a number of significant and potential risks including licence obligations, requirement for further funding, geological and development risks, and political risk.

The recoverability of these assets is dependent on the discovery and successful development of economic reserves, including the ability to raise finance to develop future projects or alternatively, sale of the respective licence areas.
The carrying value of the Group's exploration and evaluation expenditure is reviewed at each balance sheet date and, if there is any indication that it is impaired, its recoverable amount is estimated. Estimates of impairment are limited to an assessment by the Directors of any events or changes in circumstances that would indicate that the carrying value of the asset may not be fully recoverable. Any impairment loss arising is charged to the consolidated statement of comprehensive income.

On 21 February 2019, the Group received notification from the Bahamian Government of an extension of the term of its four licences in The Bahamas to 31 December 2020, with the requirement that the Company commence an exploration well in the licences area before the end of the extended term. On 23 March 2020 the Group notified the Government of The Bahamas that, due to the impacts of the global response to the Covid-19 pandemic, a *force majeure* event had occurred under the terms of its licences, such that the term of the licences needed to be extended beyond 31 December 2020 commensurate with the duration of the *force majeure* event. In November 2020 the Group received notification from the Government of The Bahamas agreeing to an extension of these licences to 30 June 2021 as a result of the *force majeure* event. On 20 December 2020, the Group commenced drilling of the Perseverance-1 exploration well on its offshore licences area in The Bahamas, with drilling activity ceasing on 7 February 2021. Whilst the well demonstrated the presence of hydrocarbons, commercial volumes of movable hydrocarbons were not present at this drilling location. Subsequently the Group undertook an extensive

Notes to the financial statements for the year ended 31 December 2024 (continued)

1 Material accounting policy information (continued)

1.28 Critical accounting estimates, judgements and assumptions continued

review of the data gathered from the Perseverance-1 well to determine the extent to which this data indicates remaining prospectivity in deeper, untested horizons, as well as horizons of interest at other locations in its offshore licences area in The Bahamas. The results of this review indicate that substantial prospectivity remains in sufficient potential volumes such that further exploration activity on these licences is merited. On the basis of the revised prospect volume inventory for these untested horizons and structures, the Group undertook an exercise to determine whether the present value of any future economic benefit which may be derived from hydrocarbon extraction from these licences is sufficient to support the carrying value of the capitalised costs at 31 December 2024. Following this review, the Group has determined that the present value of these future economic benefits exceeds the carrying value of this asset and that consequently no impairment of this asset is required.

Given this, in March 2021, the Group notified the Government of The Bahamas of its election to renew the four licences in The Bahamas into a further three-year exploration period, having discharged the obligation to drill an exploration well on the licences area before the expiry of the second exploration term (which expired on 30 June 2021). Since then, the Group has been in discussions with the Government of The Bahamas regarding the renewal of these licences. As at the date of this report the renewal application remains under review with the Government of The Bahamas. Notwithstanding that the Group's application to renew the licences into a third exploration period has now been pending for a considerable length of time, management considers this to be within the bounds of normal expectation in The Bahamas, given that (i) the renewal of the licences from the first exploration period into the second exploration period took almost five years, (ii) a new Government was elected in The Bahamas in September 2021, and (iii) Covid-19 pandemic related lock downs caused significant administrative delays all across the world. Once this renewal process is completed, the key obligation for the new three-year period of the licences would be the drilling of a further exploration well within the licences area before the expiry of the renewed licences term. The ability of the Group to discharge this obligation would be contingent on securing the funding required to execute the required exploration well.

(ii) Going concern

These financial statements have been prepared on a going concern basis, which assumes that the Group will continue in operation for the foreseeable future.

On 6 March 2024, the Group entered into a farmout agreement with Chevron, a leading global energy company, in relation to the Group's AREA OFF-1 licence offshore Uruguay, pursuant to which the Group received a $12.5 million cash payment at completion (on 29 October 2024) along with Chevron agreeing to carry the Group's share of certain future work programme costs. In addition, the Group was entitled to an adjustment payment of approximately $0.2 million related to AREA OFF-1 costs incurred in the period between signing of the farmout agreement and completion of the transaction (received on 29 October 2024), as well as the release of $0.3 million of restricted cash held at balance sheet date to secure performance of AREA OFF-1 work obligation commitments (which release was finalised on 12 May 2025).

At 31 December 2024, the Group had approximately $8.4 million in unrestricted cash and approximately $1.3 million in restricted cash (restricted cash, as detailed in note 16, is cash that is held in Company accounts but which is pledged in support of performance of work programme obligations, and thus access to that cash is restricted - as work programme obligations are met that cash will in due course become unrestricted, and thus available to the Company for general use purposes).

Whilst the Group incurred an operating loss of $1.9 million for the financial year ended 31 December 2024, as of 31 December 2024 the Group's current assets exceed current liabilities by approximately $4.9 million, which includes approximately $5.9m in respect of current payables owing in Trinidad and Tobago, which the Group expects to exit completely following the completion of the announced sale of all of the Group's business and undertakings in Trinidad & Tobago. In addition to this, completion of the sale of the Group's business in Trinidad and Tobago is expected to result in net receipts by the Group through the course of 2025 of approximately $0.5m in cash and approximately $0.75 million in freely tradeable listed securities, which would increase the Group's overall cash position.

Given the foregoing, the Directors of the Company have thus prepared these financial statements on a going concern basis: based on the Group's current cash holdings and current cash flow forecasts, the Group expects to have adequate financial resources to support its operations for the next 12 months (and well into the foreseeable future beyond that). In addition, the Directors note that the Company is a publicly listed company on a recognised stock exchange, thus affording the Company the ability to raise equity capital, debt and/or hybrid financing alternatives as and when the need arises. The Company has a robust track record in this regard, having raised in excess of US$100 million in equity and alternative financing in the past.

1 Material accounting policy information (continued)

1.28 Critical accounting estimates, judgements and assumptions continued

(iii) Recoverability of investment in subsidiaries and amounts owed by subsidiary undertakings in the Company statement of financial position

The investment in the Company's direct subsidiaries and amounts owed by subsidiary undertakings at 31 December 2024 stood at $43,650,000 (2023: $43,650,000) and $125,757,000 (2023: $128,924,000) respectively.

Ultimate recoverability of investments in subsidiaries and amounts owed by subsidiary undertakings is dependent on successful development and commercial exploitation, increasing production through optimisation of existing wells, drilling of new infill wells and/or the application of improved oil recovery methods or alternatively, sale of the respective licence areas. The carrying value of the Company's investments in subsidiaries is reviewed at each balance sheet date and, if there is any indication of impairment, the recoverable amount is estimated. Estimates of impairments are limited to an assessment by the directors of any events or changes in circumstances that would indicate that the carrying values of the assets may not be fully recoverable. Similarly, the expected credit losses on the amounts owed by subsidiary undertakings are intrinsically linked to the recoverable amount of the underlying assets. Any impairment losses arising are charged to the statement of comprehensive income.

At 31 December 2024, an impairment of the Company's investment in Columbus Energy Resources Limited of nil (2023: $7,300,000) was recorded. In addition to this a loss allowance for expected credit losses of $11,699,000 (2023: $14,021,000) was held in respect of the recoverability of amounts due from subsidiary undertakings.

1.29 Earnings/(loss) per share

Basic earnings/(loss) per share is calculated as net profit/(loss) attributable to members of the Company, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the Company, adjusted for:

(i) Costs of servicing equity (other than dividends) and preference share dividends;

(ii) The post-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and

(iii) Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

1.30 Investment in subsidiary in the Company statement of financial position

Investments in subsidiaries are recognised at initial cost of acquisition, less any impairment to date.

2 Turnover and segmental analysis

Management has determined the operating segments based on the reports reviewed by the Board of Directors of the Company that are used to make strategic decisions. The Board has determined there is a single operating segment: oil and gas exploration, appraisal, development and production. However, there are four geographical segments: Uruguay (operating), Trinidad and Tobago (including a single operating segment and a separate disposal group (refer to note 13)), The Bahamas (operating), and The Isle of Man, UK, Spain, Saint Lucia and Cyprus (all non-operating).

The Uruguay segment includes the exploration licences and technical works which commenced in 2022 in respect of AREA OFF-1 and in 2024 in respect of AREA OFF-3. The segment including Trinidad and Tobago has been reported as the Group's direct oil and gas producing and revenue generating operating segment. The Bahamas segment includes the Bahamian exploration licences on which drilling activities were conducted in 2020 and 2021. The non-operating segment includes the Isle of Man (the Group's parent) and the UK, which provide management services to the Group, and entities in Spain, Saint Lucia and Cyprus all of which are non-operating in that they either hold investments or are dormant/in the process of being wound up. Their results are consolidated and reported on together as a single segment.

Notes to the financial statements for the year ended 31 December 2024 (continued)

2 Turnover and segmental analysis (continued)

Year ended 31 December 2024	Uruguay Operating $'000	Trinidad Operating $'000	Trinidad Disposal Group $'000	Bahamas Operating $'000	Non-Operating Entities $'000	Total $'000
Operating profit/(loss) by geographical area						
Net petroleum revenue (*)	–	3,454	–	–	–	3,454
Operating profit/(loss)	9,154	(7,004)	–	(73)	(4,020)	(1,943)
Other income	–	73	–	–	48	121
Finance costs (net)	(2)	(22)		–	(282)	(306)
Profit/(loss) before taxation from continuing operations	**9,152**	**(6,953)**	**–**	**(73)**	**(4,254)**	**(2,128)**
Other information						
Gain after tax for the year from discontinued operations	–	–	1,053	–	–	1,053
Administration expenses	(130)	(2,294)	–	(73)	(3,894)	(6,391)
Depreciation, amortisation	–	(1,380)	–	(1)	(21)	(1,402)
Impairment	–	(4,452)	–	–	(271)	(4,723)
Capital additions	(2,510)	(268)	–	–	–	(2,778)
Segment assets						
Tangible and intangible assets	429	4,194	–	93,963	38	98,624
Deferred tax asset	–	1,333	–	–	–	1,333
Escrow and abandonment funds	–	1,656	–	–	–	1,656
Trade and other receivables	7	1,849	–	500	353	2,709
Inventories	–	148	–	–	–	148
Restricted cash	–	292	–	–	1,007	1,299
Cash	–	252	–	–	8,182	8,434
Consolidated total assets	**436**	**9,724**	**–**	**94,463**	**9,580**	**114,203**
Segment liabilities						
Trade and other payables	(2)	(5,879)	–	(1,054)	(709)	(7,644)
Deferred tax liability	–	(1,378)	–	–	–	(1,378)
Provisions	–	(2,474)	–	–	(2,331)	(4,805)
Consolidated total liabilities	**(2)**	**(9,731)**	**–**	**(1,054)**	**(3,040)**	**(13,827)**

(*) Sales revenues were derived from a single customer within each of these operating countries.

2 Turnover and segmental analysis (continued)

Year ended 31 December 2023	Uruguay Operating $'000	Trinidad & Suriname Operating $'000	Trinidad & St Lucia Disposal Group $'000	Bahamas Operating $'000	Non-Operating Entities $'000	Total $'000
Operating loss by geographical area						
Net petroleum revenue (**)	–	3,588	–	–	–	3,588
Operating loss	(29)	(11,802)	–	(96)	(7,935)	(19,862)
Other income	–	407	–	22	–	429
Finance costs net	–	(5)	–	–	(94)	(99)
Loss before taxation from continuing operations	**(29)**	**(11,400)**	**–**	**(74)**	**(8,029)**	**(19,532)**
Other information						
Gain after tax for the year from discontinued operations	–	–	6,141	–	–	6,141
Administration expenses	(29)	(1,800)	–	(96)	(2,437)	(4,362)
Depreciation, amortisation	–	(1,605)	–	(2)	(36)	(1,643)
Impairment	–	(8,214)	–	–	(4,743)	(12,957)
Capital additions	(1,149)	(149)	–	–	(5)	(1,303)
Segment assets						
Tangible and intangible assets	1,363	9,800	–	93,964	333	105,460
Deferred tax asset	–	4,637	–	–	–	4,637
Escrow and abandonment funds	–	1,601	–	–	–	1,601
Trade and other receivables	1	2,558	–	500	143	3,202
Inventories	–	280	–	–	–	280
Restricted cash	–	299	–	–	526	825
Cash	–	368	–	–	637	1,005
Consolidated total assets	**1,364**	**19,543**	**–**	**94,464**	**1,639**	**117,010**
Segment liabilities						
Trade and other payables	–	(6,047)	–	(1,053)	(1,082)	(8,182)
Deferred tax liability	–	(4,707)	–	–	–	(4,707)
Provisions	–	(3,194)	–	–	(2,475)	(5,669)
Consolidated total liabilities	**–**	**(13,948)**	**–**	**(1,053)**	**(3,557)**	**(18,558)**

(*) Sales revenues were derived from a single customer within each of these operating countries.

3 Operating loss – Group

	2024 $ 000's	2023 $ 000's
Operating loss is arrived at after charging:		
Fees payable to the Company's auditors and its associates for:		
– the audit of the Company and Group financial statements	197	200
– non audit related services	7	–
Directors' emoluments – fees and benefits (*)	1,064	638
Impairment of tangible and intangible assets (**)	4,723	12,957
Depreciation (***)	1,377	1,617
Amortisation	25	26
Gain on disposal of Intangible exploration and evaluation assets (****)	9,285	–

(*) See note 7 for further details.

(**) See note 10 for further details.

(***) Depreciation of certain oil and gas assets of $1,010,000 (2023: $1,193,000) has been recognised within cost of sales.

(****) On 29 October 2024, the Group announced the completion of a farmout agreement for a 60% interest in the AREA OFF-1 block, located offshore Uruguay, to Chevron Mexico Finance LLC. As a result of the transaction, the Company received a cash payment of $12.5 million and retained a 40% non-operating interest in AREA OFF-1. The proceeds were applied against the carrying value of intangible exploration and evaluation assets, which totalled $3.4 million (note 10) in the Group's Uruguayan subsidiary, CEG Uruguay S.A., at the time of completion. These assets were written off to the income statement, resulting in a gain on disposal of $9.3 million.

Notes to the financial statements for the year ended 31 December 2024 (continued)

3 Operating loss – Group (continued)

	2024 $ 000's	2023 $ 000's
Administrative expenses		
Travel and accommodation	232	171
Stock exchange costs	100	51
Staff costs – cash settled	1,796	1,443
Staff costs – share settled (note 21)	149	72
Share based payments	62	1
Professional fees – cash settled	1,806	981
Professional fees – share settled (note 21)	–	30
Other Trinidad taxes and interest costs	417	366
Office rental costs	111	117
Motor vehicle costs	99	95
(Gain)/loss on disposal of tangible assets	(12)	80
IT and communications costs	83	89
Investor and public relations costs	125	125
Insurance costs	163	133
Depreciation and amortisation	388	450
Bad debt expense	658	–
Other	214	158
Total	**6,391**	**4,362**

4 Staff costs – Group

	2024 $ 000's	2023 $ 000's
Wages and salaries – cash (*)	2,713	2,498
Wages and salaries – share settled (note 21)	149	72
Share based payments	62	1
Other staff costs	187	140
Total	**3,111**	**2,711**

(*) Staff costs of $1,104,000 (2023: $1,195,000) has been recognised within cost of sales.

5 Taxation – Group

	2024 $ 000's	2023 $ 000's
Analysis of tax charge in the year		
Tax (credit)/charge on ordinary activities	(25)	30
Factors affecting the tax charge for the year:		
Loss on ordinary activities before tax	(2,128)	(19,532)
Standard rate of income tax in the IOM	-%	-%
Loss on ordinary activities multiplied by the standard rate of income tax	–	–
Effects of:		
Overseas tax on profits	(25)	30
Current tax charge for the year	(25)	30

5 Taxation – Group (continued)

Deferred tax:
The net deferred tax balances solely relate to the Company's Trinidad and Tobago operations. The components of the asset and liability for the years ended December 31, 2024 and 2023 were as follows:

	$ 000's
Deferred tax asset	
At 1 January 2023	7,375
Movement in losses carried forward	(2,735)
Foreign exchange difference on translation	(3)
At 31 December 2023	**4,637**
At 1 January 2024	4,637
Movement in losses carried forward	(3,306)
Foreign exchange difference on translation	2
At 31 December 2024	**1,333**
Deferred tax liability	
At 1 January 2023	7,415
Adjustment for property and equipment	(2,705)
Foreign exchange difference on translation	(3)
At 31 December 2023	**4,707**
At 1 January 2024	4,707
Adjustment for property and equipment	(3,332)
Foreign exchange difference on translation	3
At 31 December 2024	**1,378**

Deferred tax assets arise on recognition of deferred tax liabilities which arise on taxable temporary differences. As these temporary differences unwind, release of the deferred tax liabilities creates a taxable profit against which deferred tax assets are utilised. At 31 December 2024, the Group had an unrecognised deferred tax asset of $25,780,000 (2023: $22,146,000) calculated at 43.11% (2023: 42.3%) (weighted average across taxable entities) in respect of an estimated $108,571,000 (2023: $71,806,000) of accumulated tax losses. The deferred tax asset was not recognised as there was insufficient evidence to suggest that it would be recoverable in future periods.

The recognition of movements in deferred tax assets and deferred tax liabilities in the consolidated statement of comprehensive income for the year have given rise to a net deferred tax credit of $25,000 (2023: tax charge of $30,000).

6 Dividends

During the year, no dividends were paid or proposed by the Directors (2023: nil).

7 Directors' remuneration – Group

	2024 $ 000's	2023 $ 000's
Directors' remuneration	1,064	638

2024	Cash payments $ 000's	Share based payments $ 000's	(*)Share-settled payments $ 000's	Total $ 000's
Non-Executive Directors				
Iain McKendrick	110	–	–	110
Stephen Bizzell	93	–	–	93
Simon Potter	98	–	–	98
Robert Bose	28	2	–	30
Executive Directors				
Eytan Uliel	507	2	224	733
	836	**4**	**224**	**1,064**

(*) Represents the fair value of shares issued to directors during the year in settlement of deferred salary and fees, less the total value of accrued salaries and fees on the date of settlement. See note 21 for further details.

Notes to the financial statements for the year ended 31 December 2024 (continued)

7 Directors' remuneration – Group (continued)

2023	Cash payments $ 000's	Share based payments $ 000's	Share-settled payments $ 000's	Total $ 000's
Non-Executive Directors				
Iain McKendrick	64	–	–	64
Stephen Bizzell	44	–	–	44
Simon Potter	50	–	–	50
Executive Directors				
Eytan Uliel	480	–	–	480
	638	**–**	**–**	**638**

8 Loss per share – Group

The calculation of loss per share is based on the loss after taxation divided by the weighted average number of shares in issue during the year:

	2024	2023
Loss for the year from continuing operations ($ 000's)	(2,103)	(19,562)
Profit after tax for the year from discontinued operations ($ 000's)	1,053	6,141
Loss for the year attributable to equity holders of the parent company ($ 000's)	(1,050)	(13,421)
Weighted average number of ordinary shares used in calculating basic earnings per share (millions)	215	9,823
Basic loss per share from continuing operations (expressed in cents)	(0.98)	(0.20)
Basic earnings per share from discontinued operations (expressed in cents)	0.49	0.06
Basic loss per share total (expressed in cents)	(0.49)	(0.14)

Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company had one category of dilutive potential ordinary shares: share options/warrants. For these share options/warrants, a calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options/warrants. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options/warrants. Share options/warrants outstanding at the reporting date were as follows:

	2024	2023
Total share options and warrants in issue (number) (see note 21)	45,549,590	1,791,544,485
Weighted average number of diluted shares used in calculating basic loss per share (millions)	253	11,253
Diluted earnings per share from continuing operations (expressed in cents)	–	–
Diluted loss per share from discontinued operations (expressed in cents)	–	–
Diluted earnings per share total (expressed in cents)	–	–

For the years ended 31 December 2024 and 31 December 2023 as the inclusion of potentially issuable ordinary shares would result in a decrease in the loss per share, they are considered to be anti-dilutive and as such, a diluted loss per share was not included.

9 Finance costs, net – Group

	2024 $ 000's	2023 $ 000's
Finance costs, net	(306)	(99)

10 Intangible assets – Group

	Goodwill $ 000's	2024 Exploration & evaluation assets $ 000's
Cost		
At 1 January 2024	7,045	101,127
Additions	–	2,510
Disposal of Intangible exploration and evaluation assets	–	(3,445)
Foreign exchange difference on translation	–	(16)
At 31 December 2024	**7,045**	**100,176**
Accumulated amortisation and impairment		
At 1 January 2024	7,045	5,401
Amortisation	–	25
Foreign exchange difference on translation	–	(16)
At 31 December 2024	**7,045**	**5,410**
Net book value		
At 31 December 2024	**–**	**94,766**
At 31 December 2023	–	95,726

Intangible assets – Group

	Goodwill $ 000's	2023 Exploration & evaluation assets $ 000's
Cost		
At 1 January 2023	7,045	100,038
Additions	–	1,149
Writedown	–	(57)
Foreign exchange difference on translation	–	(3)
At 31 December 2023	**7,045**	**101,127**
Accumulated amortisation and impairment		
At 1 January 2023	2,435	5,378
Amortisation	–	26
Impairment	4,610	–
Foreign exchange difference on translation	–	(3)
At 31 December 2023	**7,045**	**5,401**
Net book value		
At 31 December 2023	**–**	**95,726**
At 31 December 2022	4,610	94,660

Notes to the financial statements for the year ended 31 December 2024 (continued)

11 Tangible assets

	Oil and gas assets $ 000's	Property, plant and equipment (*) $ 000's	Decom-missioning costs $ 000's	Group Total $ 000's	2024 Company Property, plant and equipment (*) $ 000's
Cost or Valuation					
At 1 January 2024	36,839	7,094	2,973	46,906	12
Additions	80	179	9	268	–
Disposals	(109)	–	–	(109)	–
Discontinued operations	(8,249)	–	(702)	(8,951)	–
Foreign exchange difference on translation	(46)	(137)	(5)	(188)	–
At 31 December 2024	**28,515**	**7,136**	**2,275**	**37,926**	**12**
Accumulated depreciation and Impairment					
At 1 January 2024	29,208	6,013	1,951	37,172	7
Depreciation	1,010	231	136	1,377	3
Impairment	4,723	–	–	4,723	–
Disposals	(66)	–	–	(66)	–
Discontinued operations	(8,249)	–	(702)	(8,951)	–
Foreign exchange difference on translation	(52)	(132)	(3)	(187)	–
At 31 December 2024	**26,574**	**6,112**	**1,382**	**34,068**	**10**
Net book value					
At 31 December 2024	**1,941**	**1,024**	**893**	**3,858**	**2**
At 31 December 2023	7,631	1,081	1,022	9,734	5

(*) Property, plant and equipment includes leasehold improvements.

Tangible assets

	Oil and gas assets $ 000's	Property, plant and equipment (*) $ 000's	Decom-missioning costs $ 000's	Group Total $ 000's	2023 Company Property, plant and equipment (*) $ 000's
Cost or Valuation					
At 1 January 2023	36,848	7,369	2,914	47,131	187
Additions	9	84	61	154	5
Disposals	–	(426)	–	(426)	(180)
Foreign exchange difference on translation	(18)	67	(2)	47	–
At 31 December 2023	**36,839**	**7,094**	**2,973**	**46,906**	**12**
Accumulated depreciation and Impairment					
At 1 January 2023	20,011	6,009	1,555	27,575	140
Depreciation	1,193	285	139	1,617	12
Disposals	–	(346)	–	(346)	(145)
Impairment	8,030	–	260	8,290	
Foreign exchange difference on translation	(26)	65	(3)	36	–
At 31 December 2023	**29,208**	**6,013**	**1,951**	**37,172**	**7**
Net book value					
At 31 December 2023	**7,631**	**1,081**	**1,022**	**9,734**	**5**
At 31 December 2022	16,837	1,360	1,359	19,556	47

(*) Property, plant and equipment includes leasehold improvements.

12 Investment in subsidiaries

	2024 $ 000's	2023 $ 000's
Company		
Cost		
At 1 January	43,650	50,940
Additions (*)	-	10
Impairment (**)	-	(7,300)
At 31 December	**43,650**	**43,650**

(*) On 31 July 2023, ownership of Columbus Energy (St Lucia) Limited was transferred from Columbus Energy (Cyprus) Limited to the Company, which now directly controls this company.

(**) At 31 December 2023 an impairment of the Company's investment in Columbus Energy Resources Limited of $7,300,000 was recorded.

Challenger Energy Group PLC, the parent company of the Group, holds 100% of the share capital of the following companies:

Company	Country of registration	Proportion held	Nature of business
Direct			
BPC (A) Limited	Isle of Man	100%	Holding Company
BPC (B) Limited	Isle of Man	100%	Holding Company
BPC (C) Limited	Isle of Man	100%	Holding Company
BPC (D) Limited	Isle of Man	100%	Holding Company
BPC (A) Limited	The Bahamas	100%	Oil and Gas Exploration and Production Company
Columbus Energy Resources Limited	England and Wales	100%	Holding Company
Columbus Energy (St Lucia) Ltd (**)	St Lucia	100%	Investment Company
Indirect			
Via the Bahamian registered BPC (A) Limited			
BPC Limited	The Bahamas	100%	Investment Company
Bahamas Offshore Petroleum Ltd	The Bahamas	100%	Investment Company
Island Offshore Petroleum Ltd (*)	The Bahamas	100%	Investment Company
Sargasso Petroleum Ltd (*)	The Bahamas	100%	Investment Company
Privateer Petroleum Ltd	The Bahamas	100%	Investment Company
Columbus Oil & Gas Limited (*)	The Bahamas	100%	Investment Company
Via Columbus Energy Resources Limited			
Columbus Energy Holdings Ltd (*)	Cyprus	100%	Holding Company
BPC Uruguay Holdings Limited	England and Wales	100%	Holding Company
Via BPC Uruguay Holdings Limited			
CEG Uruguay S.A.	Uruguay	100%	Oil and Gas Exploration and Production Company
CEG Off-3 Uruguay S.A.	Uruguay	100%	Oil and Gas Exploration and Production Company
Via Columbus Energy Holdings Ltd			
Columbus Energy CPS (Cyprus) Ltd (*)	Cyprus	100%	Investment Company
Columbus Energy Byron Ltd (*)	Cyprus	100%	Investment Company
Columbus Energy (Cyprus) Ltd (*)	Cyprus	100%	Investment Company
Columbus Energy Investments Ltd (*)	Cyprus	100%	Investment Company
Via Columbus Energy CPS (Cyprus) Ltd			
Compañia Petrolifera de Sedano S.L.U. (*)	Spain	100%	Dormant Company
Via Columbus Energy (St Lucia) Ltd			
CEG Icacos Trinidad Ltd (**)	Trinidad and Tobago	100%	Oil and Gas Exploration and Production Company
CEG Management Services Trinidad Ltd (**)	Trinidad and Tobago	100%	Oil and Gas Services Company
CEG Goudron Trinidad Ltd (**)	Trinidad and Tobago	100%	Oil and Gas Exploration and Production Company
Steeldrum Oil Company Inc (**)	St Lucia	100%	Investment Company
Steeldrum Petroleum Group Ltd (**)	Trinidad and Tobago	100%	Investment Company
CEG Inniss-Trinity Trinidad Ltd (**)	Trinidad and Tobago	100%	Oil and Gas Exploration and Production Company
CEG Well Services Trinidad Ltd (**)	Trinidad and Tobago	100%	Oil and Gas Services Company

(*) These subsidiaries are in the process of being wound up or liquidated as part of a restructuring exercise to simplify the group structure and reduce costs.

(**) As referenced in Note 25, on 18 February 2025 the Group announced that it had entered into an agreement to sell its St. Lucia-domiciled subsidiary, Columbus Energy (St. Lucia) Limited, including all of its subsidiaries, assets, and operations in Trinidad and Tobago. Upon completion of the sale (which remains pending as of the date of this report), the identified subsidiaries will be fully divested from the Group.

For changes in the composition of the Group as a result of the sale of its subsidiaries, please see Note 13 for details.

Notes to the financial statements for the year ended 31 December 2024 (continued)

13 Discontinued operations

2024 Disposal:

Exit from the Bonasse licence (Trinidad South-West Peninsula):

On 27 August 2024, the Company entered into an arrangement to secure an orderly and complete exit from the Bonasse licence. This comprised a settlement agreement with the surface landowner and in parallel the transfer of 100% of the share capital in CEG Bonasse Trinidad Limited, a Trinidad and Tobago registered company that holds the Bonasse licence, to a third-party acceptable to the surface landowner. The transfer agreement included that third-party assuming and indemnifying the Group against all liabilities and exposures associated with the Bonasse licence, and making payment to the surface landholder of an agreed settlement amount, such that the Company achieved a full exit from the Bonasse licence with no associated cost or cash impact, and no future exposure. Consideration of $1 was received in cash during the period. At the date of the disposal the carrying amounts of CEG Bonasse Trinidad Limited net assets were as follows:

	$ 000's
Assets	
Cash and cash equivalent	1
Trade and other receivables	263
Inventories	21
Abandonment fund	3
	288
Liabilities	
Trade and other payables	(635)
Provisions	(751)
	(1,386)
Total net liability	**(1,098)**
Total consideration received in cash	–
Less cash and cash equivalents disposed of	(1)
Net cash received	**(1)**
Gain on disposal (*)	**1,097**

(*) The gain on disposal is included in the gain for the year from discontinued operations in the consolidated statement of profit and loss.

Reconciliation to gain from discontinued operations:

	$ 000's
Gain on disposal (from sale of CEG Bonasse Trinidad Limited, as above)	1,097
Less losses resulting from CEG Bonasse Trinidad Limited for the period	(44)
Gain after tax for the year from discontinued operations	**1,053**

The net cash flows incurred by the combined disposal group are, as follows:

	$ 000's
Operating	(57)
Investing	(1)
Financing	(4)
Net cash outflow	**(62)**

2023 Disposals:

Sale of Cory Moruga:

On 20 December 2022, the Company entered into a binding heads of terms with Predator Oil & Gas Holdings Plc ("POGH"), providing for the conditional sale of the Company's interest in the non-producing Cory Moruga licence in Trinidad through the sale of 100% of the share capital in T-Rex Resources (Trinidad) Limited ("TREX"). The sale was completed on 6 November 2023. However, on completion, and as a consequence of negotiations associated with reaching an agreed position with the Trinidadian Ministry of Energy and Energy Industries ("MEEI"), the Company and POGH agreed to vary certain terms of the agreement between them, as follows:

- On completion, POGH paid to the Company US$1 million in cash;
- A further US$1 million, which was due to be paid by POGH to the Company six months from completion, was instead paid immediately by POGH direct to MEEI, in part agreed settlement of past dues on the Cory Moruga licence; and

13 Discontinued operations (continued)

– A contingent US$1 million payable by POGH to the Company in the event of the Cory Moruga field achieving certain future production benchmarks, and POGH granting to the Company a future back-in right to a 25% interest in the Cory Moruga field at an uplifted multiple of cost base, were agreed to no longer apply.

In addition to the cash consideration received, completion of the transaction had the effect of extinguishing various liabilities in the Group's accounts that related to TREX and the Cory Moruga licence, amounting to approximately US$4.5 million. Further, in parallel with completion, all historical differences and disputes between the Company and POGH in relation to the Inniss-Trinity pilot CO^2 EOR Project were fully and amicably resolved, pursuant to the terms of the previously announced Settlement Agreement between the Company and POGH.

Consideration was received in cash during the period. At the date of the disposal the carrying amounts of TREX net assets were as follows:

	$ 000's
Assets	
Trade and other receivables	852
Total assets	**852**
Liabilities	
Trade and other payables	(3,365)
Provisions	(1,203)
Total liabilities	**(4,568)**
Total net liability	**(3,716)**
Total consideration received in cash	1,000
Less cash and cash equivalents disposed of	-
Net cash received	**1,000**
Gain on disposal (*)	**4,716**

(*) The gain on disposal is included in the loss for the year from discontinued operations in the consolidated statement of profit and loss.

Sale of South Erin:

On 14 February 2023 the Company entered into and simultaneously completed a transaction for the sale of its St Lucia domiciled subsidiary company, Caribbean Rex Limited ("CREX") which included all of its associated assets and subsidiary entities. This included (via interposed subsidiaries) (i) CEG South Erin Trinidad Limited ("CSETL") a Trinidad and Tobago registered company that is party to a farmout agreement for, and is the operator of, the South Erin field, onshore Trinidad and (ii) West Indian Energy Group Limited, a Trinidad and Tobago registered service company.

Notes to the financial statements for the year ended 31 December 2024 (continued)

13 Discontinued operations (continued)

Consideration was received in cash during the period. At the date of the disposal the carrying amounts of CREX net assets were as follows:

	$ 000's
Assets	
Cash and cash equivalents	6
Restricted cash	89
Trade and other receivables	115
Tangible and intangible assets	402
Abandonment fund	106
Deferred Tax Asset	201
Total assets	**919**
Liabilities	
Trade and other payables	(989)
Provisions	(808)
Borrowings	(181)
Deferred tax liability	(201)
Total liabilities	**(2,179)**
Total net liability	**(1,260)**
Total consideration received in cash	1,200
Less cash and cash equivalents disposed of	(6)
Net cash received	**1,194**
Gain on disposal(*)	**2,454**

(*) The gain on disposal is included in the loss for the year from discontinued operations in the consolidated statement of profit and loss.

Reconciliation to gain from discontinued operations:

	$ 000's
Gain on disposal (from sale of TREX and subsidiaries as above)	4,716
Gain on disposal (from sale of CREX and subsidiaries as above)	2,454
Less losses resulting from TREX and subsidiaries for the period up to disposal date	(778)
Less losses resulting from CREX and subsidiaries for the period up to disposal date	(251)
Gain after tax for the year from discontinued operations	**6,141**

The net cash flows incurred by the combined disposal group are, as follows:

	$ 000's
Operating	580
Investing	2,191
Financing	(9)
Net cash outflow	**2,762**

14 Trade and other receivables

	2024		2023	
	Group $ 000's	Company $ 000's	Group $ 000's	Company $ 000's
Current trade and other receivables				
Trade and other receivables	304	–	306	–
VAT receivable (*)	1,610	309	1,494	79
Other receivables (**)	85	4	732	–
Prepayments	668	72	631	56
Other deposits	42	30	39	30
Total	**2,709**	**415**	**3,202**	**165**
Non-current trade and other receivables				
Escrow and Abandonment funds (***)	1,656	–	1,601	–
Loans due from subsidiaries (****)	–	114,057	–	114,903
Total	**1,656**	**114,057**	**1,601**	**114,903**

Set out below is the movement in the allowance for expected credit losses of loans due from subsidiaries:

	Group $ 000's	Company $ 000's	Group $ 000's	Company $ 000's
At 1 January	–	14,021	–	14,737
Provision for expected credit losses (*****)	–	784	–	739
Release of provision	–	–	–	(900)
Write offs	–	(3,106)	–	(555)
At 31 December	**–**	**11,699**	**–**	**14,021**

(*) VAT receivable is stated after discounting to recoverable amounts totalling $323,000, which have been recognised in the year (2023: $373,000).

(**) Other receivables predominantly comprises balances owing from joint venture partners in Trinidad and Tobago and certain other receivables.

(***) Pursuant to certain production and exploration licences in Trinidad and Tobago, the Company is obligated to remit payments into an Escrow Fund and a separate Abandonment Fund. Payments are based on production, and amounts paid vary by licence: US$0.25 per barrel of crude oil sold (Escrow Fund), and between US$0.28 to US$1.00 varying by licence to the Abandonment Fund (with those fund to be used for the future abandonment of wells in the related licenced area).

(****) The loans due from subsidiaries are interest free and repayable on demand. At 31 December 2024 a loss allowance for expected credit losses of $784,000 (2023: $739,000) is provided for with $11,699,000 recognised in the year (2023: $14,021,000) in respect of the recoverability of amounts due from subsidiary undertakings.

(*****) A 100% provision for expected credit losses has been applied to all receivable balances relating to Trinidad and Tobago operations as the Company cannot reasonably foresee the actual timing of recovery of these balances.

15 Inventories

	2024		2023	
	Group $ 000's	Company $ 000's	Group $ 000's	Company $ 000's
Crude oil	53	–	106	–
Consumables	95	–	174	–
Total	**148**	**–**	**280**	**–**

16 Restricted cash

	2024		2023	
	Group $ 000's	Company $ 000's	Group $ 000's	Company $ 000's
Credit card security	8	7	27	25
Licence related restricted bank deposits(*)	1,147	1,000	655	500
Bank deposits(**)	144	–	143	–
Total	**1,299**	**1,007**	**825**	**525**

(*) Licence related restricted bank deposits are cash amounts held in separately identified Company bank accounts pledged in support of fulfilment of work programme commitments on specific licences, and to which access is restricted until those work program commitments are met. As at 31 December 2024 this consisted of $1,000,000 (2023: $500,000) relating to the Group's Uruguay licences and $147,000 (2023: $155,000) relating to the Group's licences in Trinidad and Tobago.

(**) Bank deposits consist of funds held as security for certain environmental and / or performance bonds in Trinidad and Tobago.

Amounts held at the year-end have been classified as current as they may be recovered at any point following cancellation of the associated corporate credit card facilities, discharge of the relevant licence obligation or cancellation of the relevant licence.

Notes to the financial statements for the year ended 31 December 2024 (continued)

17 Trade and other payables

	2024		2023	
	Group $ 000's	Company $ 000's	Group $ 000's	Company $ 000's
Current trade and other payables(*)				
Trade and other payables	3,821	373	4,060	818
Accruals	3,823	218	4,122	160
Loan due to subsidiary undertaking	–	10,099	–	1,000
Total	**7,644**	**10,690**	**8,182**	**1,978**

(*) Included in the current trade and other payables are exploration and evaluation payables balances amounting to $6,500 (2023: nil).

Trade and other payables (including accruals) include dues, amounting to approximately $1.4 million (2023: $2.2 million) in aggregate, that are considered to be of a routine working capital nature, and that are being settled in the ordinary course of business and / or under certain agreed payment plans. The remainder of trade and other payables (including accruals) include:

- approximately $4.8 million (2023: $4.1 million) is in respect of taxes owed in Trinidad and Tobago that the Group expects to settle by way of offset against tax refunds due to the Group in Trinidad and Tobago ($1.8 million (2023: $1.9 million), including under 'Trade and other receivables'). The balance amount relates to a notional estimate of penalties that apply in accordance with the tax laws in Trinidad and Tobago – as at the date of this report these are notional estimates only and have not been levied or assessed, and the Group does not expect that they will be levied or assessed and that ultimately no cash payment will be required as the Group had claimed the benefit of a tax amnesty during the 2021 tax amnesty period implemented by the Trinidad and Tobago tax authorities, with the final resolution of this matter remaining pending. Additionally, the Group has estimated that it may be able to recover an additional $0.5 million (2023: $0.5 million) in interest related to outstanding receivable balances, contingent upon reaching a settlement with the Trinidad and Tobago tax authorities – this amount is not reflected in the above table.
- approximately $1.4 million (2023: $1.8 million) is in respect of various dues comprising, (i) $0.5 million (2023: $0.5 million) in respect of potential insurance "top-up" exposure, due to the ultimate cost of the Perseverance-1 well in The Bahamas exceeding the initial estimated cost – however, as at the date of this report, the matter remains pending resolution with the insurers, (ii) $0.6 million (2023: $0.6 million) in respect of accrued licence fees in The Bahamas which the Group expects to offset against $0.5 million (2023: $0.5 million) refundable advances (included in trade and other receivables) resulting in no material incremental cash exposure to the Group, and (iii) $0.3 million (2023: $0.7 million) in relation to legacy accruals and historical creditors recognised in the financial statements which the Group expects to be written-back following lapse of the relevant statute of limitation period.

It is further noted that any amounts owed in Trinidad and Tobago are owed by various indirectly held Trinidad and Tobago subsidiary entities of the Company which are non-recourse to the Company, and which will cease to be reflected as liabilities of the Group on completion of the sale of the entirety of the Company's business in Trinidad and Tobago (refer to note 25). For reference, assuming the sale of the Company's business in Trinidad and Tobago had been completed on 31 December 2024, the total amount of trade and other payables (including accruals) would have been $1.7 million for the Group.

18 Borrowings

	2024		2023	
	Group $ 000's	Company $ 000's	Group $ 000's	Company $ 000's
Current borrowings				
Convertible loan(*) & (**)	–	–	–	–
Total	**–**	**–**	**–**	**–**

(*) On 18 April 2024, the Group entered into a legally binding term sheet with Charlestown Energy Partners LLC for an investment of approximately £1,500,000 ($1,800,000). The investment was initially structured as a loan, which would convert into equity at a fixed price of 0.168 pence per share (8.4 pence post share consolidation) upon the completion of (i) the AREA-OFF-1 farmout to Chevron and (ii) a 1:50 share consolidation. This conversion price represented an approximately 20% premium to the share price at the time of the announcement. The loan accrued interest at an annual rate of 12.0% (1% per month), compounded monthly. Upon conversion, the full 12-month interest became immediately payable. On 7 May 2024, the Group confirmed that the final legal documentation for the Charlestown Energy loan had been completed in accordance with the original term sheet and the loan proceeds were received on 28 May 2024. Following the 1:50 share consolidation (on 6 August 2024) and the completion of the AREA-OFF-1 farm-out to Chevron (on 29 October 2024) the loan—including both the principal and accrued interest totalling approximately £1,680,000 ($2,179,000)—was fully converted into 20,000,000 ordinary shares. These shares were allotted on 8 November 2024.

(**) On 31 August 2023, the Company drew down a £550,000 (approximately $636,000) first tranche of a £3,300,000 (approximately $4,198,000) convertible loan note facility agreed with a UK based alternative asset management and investment firm. The loan notes, once drawn down, were repayable within 36 months. Interest was fully pre-paid on draw down such that on draw down 90% of the value of the loan notes was advanced in cash to the Company. The holder of the loan notes had the right, at any time prior to repayment, to elect to convert the loan notes into fully paid ordinary shares in the Company at the lesser of (i) 140% of the Company's closing bid price on the trading day immediately prior to the date of draw down, or (ii) 90% of the lowest closing bid price in the five trading days immediately preceding the date of the conversion. The loan notes were redeemable in cash by the Company, all or in part, at any time after draw down at 105% of the par value. On 29 September 2023, the Company received a conversion notice in respect of £165,000 of outstanding convertible notes requiring the company to issue 458,333,333 new ordinary shares. The new shares were issued on 5 October 2023. On 27 October 2023, the Company announced it had re-financed the convertible loan note facility and secured a short-term bridge loan of £346,500, the proceeds of which were applied to immediately settle the unconverted balance of the loan notes, including early redemption charges. As part of this settlement the holder of the notes issued a further conversion notice in respect of £55,000 of outstanding loan notes requiring the company to issue 100,000,000 new ordinary shares which were issued on 2 November 2023. The outstanding bridge loan also included a 12% annual coupon accruing monthly. The bridge loan was subsequently fully repaid on 7 November 2023.

18 Borrowings (continued)

The carrying amounts of all the borrowings approximate to their fair value.

	Group			
Net debt reconciliation	**Borrowings $ 000's**	**Leases $ 000's**	**Cash $ 000's**	**Total $ 000's**
At 1 January 2023	–	(22)	2,453	2,431
Cash flows	204	22	(2,038)	(1,812)
Realisation of conversion feature	(268)	–	–	(268)
Other	88	–	–	88
Foreign exchange adjustments	(24)	–	590	566
At 31 December 2023	**–**	**–**	**1,005**	**1,005**
At 1 January 2024	–	–	1,005	1,005
Cash flows	1,800	–	7,511	9,311
Other	(1,841)	–	–	(1,841)
Foreign exchange adjustments	41	–	(82)	(41)
At 31 December 2024	**–**	**–**	**8,434**	**8,434**

Net debt reconciliation	Company			
	Borrowings $ 000's	**Leases $ 000's**	**Cash $ 000's**	**Total $ 000's**
At 1 January 2023	–	–	2,174	2,174
Cash flows	204	–	(1,590)	(1,386)
Realisation of conversion feature	(268)	–	–	(268)
Other	88	–	–	88
Foreign exchange adjustments	(24)	–	10	(14)
At 31 December 2023	**–**	**–**	**594**	**594**
At 1 January 2024	–	–	594	594
Cash flows	1,800	–	7,656	9,456
Other	(1,841)	–	–	(1,841)
Foreign exchange adjustments	41	–	(116)	(75)
At 31 December 2024	**–**	**–**	**8,134**	**8,134**

19 Provisions – Group

	Decommissioning (*) $ 000's
At 1 January 2023	5,545
New provisions and allocations	61
Unwinding of discount	(7)
Foreign exchange difference on translation	70
At 31 December 2023	**5,669**
At 1 January 2024	5,669
New provisions and allocations	9
Discontinued operations	(751)
Unwinding of discount	28
Foreign exchange difference on translation	(150)
At 31 December 2024	**4,805**

(*) The provisions relate to the estimated costs of the removal of Trinidadian and Spanish production facilities and site restoration at the end of the production lives of certain facilities in each location. Decommissioning provisions in Trinidad and Tobago have been subject to a discount rate of 5.13%-6.06% (2023: 4.32%-4.94%), expected cost inflation of 1.82% (2023: 1.87%) and assumes an average expected year of cessation of production of 2032. Decommissioning provisions relating to facilities in Spain are undiscounted and uninflated as the field is no longer operating. The Spanish subsidiary is currently in the process of being liquidated and management's expectation is that the provision for decommissioning relating to Spanish assets will be released on completion of this process.

Notes to the financial statements for the year ended 31 December 2024 (continued)

20 Share capital – Group and Company

Called up, allotted, issued and fully paid ordinary shares of 1p each (2023: 0.02p each)	Number of shares	Nominal value $ 000's	Share premium $ 000's
At 1 January 2023	**9,620,199,479**	**2,540**	**180,240**
Shares issued at average price of 0.06p per share	315,533,332	77	135
Shares issued at average price of 0.04p per share	458,333,333	112	89
Shares issued at average price of 0.06p per share	100,000,000	24	43
At 31 December 2023 before capital reorganisation	**10,494,066,144**	**2,753**	**180,507**
At 31 December 2023 after capital reorganisation	**209,881,322**	**2,753**	**180,507**
Shares issued at average price of 7p per share	35,000,000	453	2,728
At 31 December 2024	**244,881,322**	**3,206**	**183,235**

On 6 August 2024, the Company reorganised its share capital and reduced the number of ordinary shares in issue by a ratio of 1:50 (that is, 1 new ordinary share for every 50 ordinary shares held). Following the reorganisation, the nominal value of each ordinary share is 1 pence per share (pre-reorganisation: 0.02 pence per share).

During the year, 35 million shares were issued (2023: 874 million).

At the end of 2024, the number of shares in issue comprised 244,881,322 million ordinary shares.

During the year, transaction costs for issued share capital totalled $nil (2023: $nil) which were offset against the proceeds received from the issue of shares, with the balance settled through the issue of share capital, these amounts were allocated against share premium.

The total authorised number of ordinary shares at 31 December 2024 was 1,000,000,000 shares with a par value of 1 pence per share (post consolidation) (2023 pre-consolidation: 50,000,000,000 shares of 0.02 pence per share). All issued shares of 1 pence are fully paid.

	Merger reserve (*) $ 000's	Reverse acquisition reserve (**) $ 000's	Total other reserves $ 000's
At 31 December 2023	**77,131**	**(53,847)**	**23,284**
At 31 December 2024	**77,131**	**(53,847)**	**23,284**

(*) The merger reserve arose in 2010 as a result of the Group undergoing a Scheme of Arrangement which saw the shares in the then parent company BPC Limited replaced with shares in Challenger Energy Group PLC.

(**) In 2008, BPC Jersey Limited acquired Falkland Gold and Minerals Limited ('FGML') via a reverse acquisition, giving rise to the reverse acquisition reserve. BPC Jersey Limited was the acquirer of FGML although FGML became the legal parent of the Group on the acquisition date. FGML subsequently changed its name to BPC Limited.

In the Company Financial Statements, the Other Reserve balance of $29,535,463 (2023: $29,535,463) arises from the issue of shares in the Company as part of the Scheme of Arrangement undertaken in 2010, which saw the shares in the then parent company BPC Limited replaced with shares in Bahamas Petroleum Company PLC (then BPC PLC), which became the new parent company of the Group.

21 Share based payments reserve – Group and Company

A) Options and warrants

Share options and warrants have been granted to Directors, selected employees and consultants to the Company.

The Group had no legal or constructive obligation to repurchase or settle any options in cash. Movements in the number of share options and warrants outstanding during the year are as follows:

	2024		2023	
	Average exercise price per share	No. Options and Warrants	Average exercise price per share(**)	No. Options and Warrants(**)
At beginning of the year before capital reorganisation	0.20p	1,791,554,485	0.24	1,388,473,911
At the beginning of the year after capital reorganisation	10.00p	35,831,090	–	–
Expired	1,252.80p	(61,500)	4.69p	(6,919,426)
Cancelled	–	–	0.19p	(800,000,000)
Granted	10.24p	9,780,000	0.17p	1,210,000,000
Exercised	–	–	–	–
At end of year	**8.38p**	**45,549,590**	**0.20p**	**1,791,554,485**
Exercisable at end of year(*)	5.84p	27,269,590	0.24p	838,473,911

21 Share based payments reserve – Group and Company (continued)

(*) Options and warrants for which relevant exercise hurdles and criteria have been met and that therefore, in accordance with their terms, are able to be exercised at any time by the holders of those options or warrants.

(**) Number of options and warrants and exercise prices are disclosed on a pre-share consolidation basis. On 6 August 2024, the Company reorganised its share capital and reduced the number of ordinary shares in issue by a ratio of 1:50, and all options and warrants on issue were similarly reduced by a ratio of 1:50, and exercise prices increased by a ratio of 50:1. Refer to note 20 for further information.

The fair value of the options and warrants granted in the year was estimated using the Black Scholes model. The inputs and assumptions used in calculating the fair value of options granted in the year were as follows:

Options and warrants granted in 2024

Name	Date granted	Share price at date of grant pence	Vesting date/criteria	Number	Exercise price pence	Expiry date	Expected volatility	Expected life (years)	Risk free return	Dividend yield	Fair value per option $
Finance provider	22/05/2024	7.60	28/10/2024	2,100,000	10.00	21/05/2026	27%	1.72	4.50%	–	$0.01
Consultant	01/11/2024	5.75	01/11/2024	3,800,000	5.00	31/10/2027	11%	0.46	4.43%	–	$0.01
Management options (Tranche A)	04/11/2024	5.80	8p(*)	970,000	8.00	03/11/2029	30%	1.22	4.43%	–	$0.00
Management options (Tranche B)	04/11/2024	5.80	12p(*)	970,000	12.00	03/11/2029	27%	1.53	4.43%	–	$0.00
Management options (Tranche C)	04/11/2024	5.80	18p(*)	970,000	18.00	03/11/2029	26%	1.76	4.43%	–	$0.00
Management options (Tranche D)	04/11/2024	5.80	24p(*)	970,000	24.00	03/11/2029	27%	1.99	4.43%	–	$0.00
				9,780,000							

(*) The share price hurdle requires the market price to remain above the hurdle price for 10 consecutive business days. If this performance condition is met, 50% of the options become immediately exercisable, while the remaining 50% can be exercised anytime after March 1, 2026.

Options and warrants granted in 2023

Name	Date granted	Share price at date of grant pence	Vesting date/criteria	Number**	Exercise price pence**	Expiry date	Expected volatility	Expected life (years)	Risk free return	Dividend yield	Fair value per option $
Management options (Tranche A)	30/08/2023	0.073	31/03/2024	240,000,000	0.100	29/08/2028	9%	1.24	5.23%	–	$0.00
Management options (Tranche B)	30/08/2023	0.073	0.1p(*)	240,000,000	0.150	29/08/2028	8%	1.24	5.23%	–	$0.00
Management options (Tranche C)	30/08/2023	0.073	0.15p(*)	240,000,000	0.225	29/08/2028	7%	1.24	5.23%	–	$0.00
Management options (Tranche D)	30/08/2023	0.073	0.225p(*)	240,000,000	0.300	29/08/2028	5%	1.24	5.23%	–	$0.00
Finance provider	02/11/2023	0.065	0.30p(*)	250,000,000	0.100	01/11/2026	21%	1.08	4.74%	–	$0.00
				1,210,000,000							

(*) The share price hurdle requires the market price to remain above the hurdle price for 10 consecutive business days. If this performance condition is met the options become immediately exercisable.

(**) Number of warrants/options and exercise prices are disclosed on a pre-share consolidation basis. On 6 August 2024, the Company reorganised its share capital and reduced the number of ordinary shares in issue by a ratio of 1:50, and all warrants/options on issue were similarly reduced by a ratio of 1:50, and all exercise prices were increased by a ratio of 50:1. Refer to note 20 for further information.

The weighted average remaining contractual life of the options and warrants in issue at 31 December 2024 was 2.76 years (2023: 3.61 years) and the weighted average exercise price of these instruments was 8.38 pence per share (2023: 0.2 pence – pre-consolidation). The range of exercise prices for options outstanding at 31 December 2024 was 5 pence to 1,200 pence (2023: 0.10 pence to 28 pence – pre-consolidation).

The expected price volatility used in calculating the fair value of options and warrants granted by the Company is determined based on the historical volatility of the Company share price (based on the remaining life of the options and warrants), adjusted for any expected changes to future volatility due to publicly available information.

B) Expense arising from share-based payment transactions

Total expense arising from equity-settled share-based payment transactions:

	2024 $ 000's	2023 $ 000's
Options and warrants	62	1
Total	**62**	**1**

Notes to the financial statements for the year ended 31 December 2024 (continued)

21 Share based payments reserve – Group and Company (continued)

The above charges in relation to share-based payments include $4,000 relating to Directors (2023: $nil), $nil related to staff and consultants (2023: $nil), $42,000 relating to warrants granted to the Company's advisors (2023: $nil) and $16,000 (2023: 1,000) relating to options granted to finance providers.

Share settled payments	2024 $ 000's	2023 $ 000's
Professional advisory fees (*)	778	30
Issuance of shares in satisfaction of deferred salaries and contractual payments to staff (**)	149	72
Financing (Charlestown Energy convertible loan) – see note 18	2,179	–
Total	**3,106**	**102**

(*) Represents the fair value of shares issued to various advisors and consultants in lieu of cash fees, the majority of which reflects success fee amounts payable following the completion of the farmout with Chevron. The fair value of these shares has been calculated based on the number of shares issued and the market price of the Company shares on the date of issuance. For the year ended 31 December 2024 these expenses were capitalised to intangible assets. For the year ended 31 December 2023 these expenses have been recognised in the Group statement of comprehensive income under "Professional fees – share settled" within administrative expenses or share premium with respect to advisory fees for raising share capital. These transactions do not fall within the scope of IFRS 2, Share based payments.

(**) Represents the fair value of shares issued to directors and staff during the year in settlement of deferred salary and fees, less the total value of accrued salaries and fees on the date of settlement. The fair value of these shares has been calculated based on the number of shares issued and the market price of the Company shares on the date of issuance. Accruals for deferred salary and fees had been recognised based on the value of contractual payments forgone. The excess of the fair value of these shares issued over the total accrued costs for deferred salary and fees to the date of settlement has been recognised in the Group statement of comprehensive income under "Staff costs – share settled" within administrative expenses. These transactions do not fall within the scope of IFRS 2, Share based payments.

The table below discloses the total share-based payment charges for the year included in the statement of comprehensive income by expense category.

	2024 $ 000's	2023 $ 000's
Staff costs	4	–
Professional fees	42	–
Finance costs	16	1
Total	**62**	**1**

22 Financial instruments and risk management – Group and Company

The Group's activities expose it to a variety of financial risks: oil price, liquidity, interest rate, foreign exchange, credit and capital risk. The Group's overall risk management programme focuses on minimising potential adverse effects on the financial performance of the Group.

Risk management is carried out by the management of the Company under policies approved by the Board of Directors. Management identifies, evaluates and addresses financial risks in close cooperation with the Group's management. The Board provides principles for overall risk management, as well as policies covering specific areas, such as mitigating foreign exchange risk, interest rate risk, credit risk and investing excess liquidity.

The Group uses financial instruments comprising cash, and debtors/creditors that arise from its operations. The net fair value of financial assets and liabilities approximates the carrying values disclosed in the financial statements. The financial assets comprise cash balances in bank accounts at call.

Oil Price Risk

The Group has been exposed to commodity price risk regarding its sales of crude oil which is an internationally traded commodity. The Group sales prices are closely linked to the West Texas Intermediate (WTI) Crude Oil benchmark for sales in Trinidad and Tobago. The pricing of Group oil sales in Trinidad and Tobago is set by the state oil company, Heritage Petroleum Company Limited, and the price realised by the Company is typically at approximately 10% discount to WTI benchmark. The Group does not take out hedging instruments for changes in oil prices, with the risks to Group cashflows associated with changes in the oil price obtained from Heritage Petroleum Company Limited being mitigated by controls over elective costs of well workovers and other such production enhancing expenditure.

The spot prices per barrel for WTI are shown below:

	2024			2023		
	Low US$	Average US$	High US$	Low US$	Average US$	High US$
WTI	66.73	76.62	87.69	$66.61	$77.56	$93.67

22 Financial instruments and risk management – Group and Company (continued)

The table below shows the Group's revenue sensitivity (gross of royalty deductions) to an average price that is up to 30% lower and up to 30% higher than the average price for that year:

2024		Decrease		Current		Increase	
	30% $ 000's	20% $ 000's	10% $ 000's	$ 000's	10% $ 000's	20% $ 000's	30% $ 000's
	3,163	3,615	4,067	4,519	4,971	5,423	5,875
Total	**3,163**	**3,615**	**4,067**	**4,519**	**4,971**	**5,423**	**5,875**

2023		Decrease		Current		Increase	
	30% $ 000's	20% $ 000's	10% $ 000's	$ 000's	10% $ 000's	20% $ 000's	30% $ 000's
	3,364	3,845	4,325	4,806	5,287	5,767	6,248
Total	**3,364**	**3,845**	**4,325**	**4,806**	**5,287**	**5,767**	**6,248**

Liquidity risk

The Group monitors its rolling cash flow forecasts and liquidity requirements to ensure it has sufficient cash to meet its operational needs. Surplus cash is invested in interest bearing current accounts and money market deposits.

Future funding requirements

The Group's internal cashflow forecasts monitor both short and long-term timelines, factoring in known risks and uncertainties. These forecasts are regularly updated and demonstrate that with the current cash reserves and forecasted future revenue and available sources of funding, the Group is able to continue in operation for at least the next 12 months. The Group's financial statements have therefore been prepared on a going concern basis (see note 1.28).

Financial liabilities

The Group's financial liabilities comprise its trade and other payables and lease liabilities. Trade and other payables all fall due within 1 year and it is the Group's payment policy to settle amounts in accordance with agreed terms which is typically 30 days.

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, because the impact of discounting is not significant.

Contractual maturities of financial liabilities at 31 December 2024 – Group	Less than 6 months $ 000's	6 to 12 months $ 000's	Between 1 and 2 years $ 000's	Between 2 and 5 years $ 000's	Repayment on demand $ 000's	Total contractual cash outflows $ 000's	Carrying amount $ 000's
Trade and other payables	7,644	–	–	–	–	7,644	7,644
Total	**7,644**	**–**	**–**	**–**	**–**	**7,644**	**7,644**

Contractual maturities of financial liabilities at 31 December 2024 – Company	Less than 6 months $ 000's	6 to 12 months $ 000's	Between 1 and 2 years $ 000's	Between 2 and 5 years $ 000's	Repayment on demand $ 000's	Total contractual cash outflows $ 000's	Carrying amount $ 000's
Trade and other payables	591	–	–	–	–	591	591
Intercompany loan due to subsidiary	–	–	–	–	10,099	10,099	10,099
Total	**591**	**–**	**–**	**–**	**10,099**	**10,690**	**10,690**

Contractual maturities of financial liabilities at 31 December 2023 – Group	Less than 6 months $ 000's	6 to 12 months $ 000's	Between 1 and 2 years $ 000's	Between 2 and 5 years $ 000's	Repayment on demand $ 000's	Total contractual cash outflows $ 000's	Carrying amount $ 000's
Trade and other payables	8,182	–	–	–	–	8,182	8,182
Total	**8,182**	**–**	**–**	**–**	**–**	**8,182**	**8,182**

Contractual maturities of financial liabilities at 31 December 2023 – Company	Less than 6 months $ 000's	6 to 12 months $ 000's	Between 1 and 2 years $ 000's	Between 2 and 5 years $ 000's	Repayment on demand $ 000's	Total contractual cash outflows $ 000's	Carrying amount $ 000's
Trade and other payables	978	–	–	–	–	978	978
Intercompany loan due to subsidiary	–	–	–	–	1,000	1,000	1,000
Total	**978**	**–**	**–**	**–**	**1,000**	**1,978**	**1,978**

Notes to the financial statements for the year ended 31 December 2024 (continued)

22 Financial instruments and risk management – Group and Company (continued)

Interest rate risk

The Group's strategy for managing cash is to maximise interest income whilst ensuring its availability to match the profile of the Group's expenditure. This is achieved by regular monitoring of interest rates and monthly review of expenditure forecasts.

The Group's exposure to interest rate risk relates to the Group's cash deposits which are linked to short term deposit rates and therefore affected by changes in bank base rates. At 31 December 2024 short term deposit rates were in the range of 0% to 4.57% (31 December 2023: 0% to 0.5%) and therefore the interest rate risk is not considered significant to the Group. An increase in interest rate of 0.25% in the year would have had an insignificant effect on the Group's financial performance for the year and in the prior year.

Group borrowings are at fixed interest rates and therefore do not present an interest rate risk.

Foreign currency risk

The Group's principal reporting and operating currency is United States dollars, but it conducts operations internationally in various jurisdictions, and has expenses denominated in various other currencies. As such, the Group is exposed to foreign exchange risk arising from currency exposures, primarily with regard to UK Pounds Sterling, Trinidad and Tobago Dollars and Euros.

The Company has a policy of not hedging foreign exchange and therefore takes market rates in respect of currency risk, however it does review its currency exposures on an ad-hoc basis. Currency exposures relating to monetary assets held by foreign operations are included within the foreign exchange reserve in the Group statement of financial position.

The following table details the Group's sensitivity to a 10% increase and decrease in the US Dollar against the relevant foreign currencies of Pound Sterling, Euro and Trinidadian Dollar. 10% represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated investments and other financial assets and liabilities and adjusts their translation at the year-end for a 10% change in foreign currency rates.

	Profit or loss sensitivity		Equity sensitivity	
	10% increase $ 000's	10% decrease $ 000's	10% increase $ 000's	10% decrease $ 000's
Year ended 31 December 2024				
Euro	–	–	207	(253)
UK Pounds Sterling	55	(67)	9	(11)
Trinidad and Tobago Dollars	630	(770)	1	(1)
Total	**685**	**(837)**	**217**	**(265)**
Year ended 31 December 2023				
Euro	–	–	220	(269)
Pounds Sterling	9	(11)	5	(6)
Trinidad and Tobago Dollars	1,039	(1,270)	(509)	622
Total	**1,048**	**(1,281)**	**(284)**	**347**

Rates of exchange to $1 used in the financial statements were as follows:

	At 31 December 2024	Average for the relevant consolidated year to 31 December 2024	At 31 December 2023	Average for the relevant consolidated year to 31 December 2023
Euro	0.961	0.924	0.904	0.924
UK Pounds Sterling	0.797	0.782	0.785	0.804
Trinidad and Tobago Dollars	6.820	6.787	6.800	6.767

The Group holds cash as a liquid resource to fund the obligations of the Group. The Group's cash balances are held in various currencies.

22 Financial instruments and risk management – Group and Company (continued)

The currency profile of the financial assets is as follows:

Cash and short-term deposits	2024 $ 000's	2023 $ 000's
Sterling	939	106
Euros	24	25
US Dollars	7,344	675
Trinidad and Tobago Dollars	127	199
Total	**8,434**	**1,005**

The Group also has operations denominated in the Bahamian Dollar. As the Bahamian Dollar is pegged to the US Dollar on a one for one basis these operations do not give rise to any currency exchange exposures.

Credit risk
Credit risk is managed on a Group basis. Credit risk arises from prepayments to suppliers for services, recoverable amounts from joint venture partners, cash and cash equivalents, restricted cash and funds held in escrow and abandonment funds. Prepayments made to suppliers are reviewed to assess the credit risk presented before entering into contractual relationships that give rise to prepaid balances. Periodic reviews of joint venture party balances are undertaken to assess recoverability and discussions held with the partners to address any potential recoverability issues. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. In order to mitigate credit risk arising from cash balances the Group holds cash reserves with more than one counterparty. Funds in escrow and abandonment funds are held with the Government of Trinidad and Tobago and so are not considered to be subject to a material level of credit risk.

For the Company, credit risk also arises on recoverability of loans due from subsidiary undertakings. Management assesses and manages these risks through regular budgeting and performance analysis. Where it is deemed that there is low probability with regards to the timing of recovery amounts receivable from subsidiary undertakings provisions have been recognised, refer to note 14 for further details.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

Capital risk management
Capital is defined by the Group as all equity reserves, including share capital and share premium. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to support the Group's business operations and maximise shareholder value. The Group is not subject to any externally imposed capital requirements.

23 Commitments and contingencies – Group and Company

Contingencies
One of the subsidiary companies in the Group, CEG Inniss-Trinity Trinidad Limited (formerly known as FRAM Exploration (Trinidad) Ltd), has been named as a defendant in an ongoing matter in the High Court of Trinidad and Tobago. The matter has been ongoing since 2019, and remains ongoing as at 31 December 2024 and at the time of signing this report. The exposure of CEG Inniss-Trinity Trinidad Limited, in the event of an unsuccessful defence of the claim, is estimated to be in the region of $0.7m to $0.9m, referable to the sums claimed, interest and legal costs. The Company has not guaranteed the obligations of CEG Inniss-Trinity Trinidad Limited, and is thus not itself exposed to the risk of an unsuccessful defence of this claim. CEG Inniss-Trinity Trinidad Limited has filed a counterclaim which, if successful, may either fully extinguish CEG Inniss-Trinity Trinidad Limited's potential exposure or will substantially reduce the exposure. As at the date of this report this matter has not been concluded and its outcome cannot be reliably estimated at this stage. In accordance with International Accounting Standards (IASs) – 10 and 37, no provision has been made in these financial statements in relation to this matter.

Other than as set out above, at 31 December 2024 and 2023, the Group and the Company had no other material contingent liabilities that require disclosure in these financial statements.

Notes to the financial statements for the year ended 31 December 2024 (continued)

23 Commitments and contingencies – Group and Company (continued)

Expenditure commitments
The Group has certain minimum work obligations under the various licences across its portfolio. In general, minimum work obligations are specific to individual operating subsidiaries, and are not guaranteed by the Company, and are therefore non-recourse to the Company. The consequence of failing to meet a minimum work obligation, assuming there is no ability to successfully renegotiate these obligations with the relevant regulatory authorities, is the potential loss of the operating licence, and loss of associated business income. A summary of the nature of such minimum work obligations and estimated capital expenditure commitments, as of 31 December 2024, are set out below.

Nature of work	Within one year	Within two to five years	More than five years
Trinidad and Tobago[1]	Drilling of 1 well Heavy workovers Water injection CO² pilot project	Drilling of 2 wells Heavy workovers Water injection	
Uruguay[2]	Licencing and reprocessing of 3D seismic data (AREA OFF-3 licence).	–	–
The Bahamas[3]	N/A – pending licence renewal	N/A – pending licence renewal	–

Estimated Costs - $000	Within one year	Within two to five years	More than five years
Trinidad and Tobago[1]	10,717	5,280	150
Uruguay (AREA OFF-3 licence)[2]	698	–	–
The Bahamas[3]	–	–	–
Total	**11,415**	**5,280**	**150**

1 Trinidad and Tobago
Various Trinidad and Tobago registered indirectly held subsidiary entities of the Company have certain minimum work commitments under relevant licences in Trinidad and Tobago which generally include carrying out heavy work overs, drilling of exploration and / or development wells, and undertaking enhanced oil recovery projects including water injection and / or carbon dioxide injection. The amounts referred to in the above table are estimated amounts for the cost of the work items specified, assuming no delay, deferral, or renegotiation of relevant work commitments with the relevant authorities in Trinidad and Tobago (notwithstanding that delay, deferral and renegotiation of work commitments have historically been typical for these licences). Moreover, it is noted that any licence obligations are specific to the relevant subsidiary entity in Trinidad and Tobago, and are non-recourse to the Company and are not guaranteed by the Company, such that the Company is not financially exposed to these expenditure commitments. Finally, as referenced in Note 25, in February 2025 the Group announced that it had entered into an agreement to sell its St. Lucia-domiciled subsidiary, Columbus Energy (St. Lucia) Limited, including all of its subsidiaries, assets, and operations in Trinidad and Tobago. Therefore, upon completion of the sale (which remains pending as of the date of this report), the identified expenditure commitments will be extinguished.

2 Uruguay
In June 2020, the Group was notified by ANCAP, the Uruguayan state oil company, of the award of a licence for the Area OFF-1 block offshore Uruguay. The licence contract was signed on the 25th of May 2022 with the first four-year exploration period commencing on the 25th of August 2022. As of 31 December 2023, the Group had substantially satisfied all of its minimum work commitments for the initial four-year exploration period. On the 6th of March 2024, the Group entered into a farmout agreement with Chevron related to the AREA OFF-1 block. The farmout was completed on the 28th of October 2024. As part of the agreement Chevron will carry 100% of the Group's share of the costs associated with the planned 3D seismic campaign on the AREA OFF-1 block, up to a maximum of US$15 million net to the Company (gross total cost $37.5 million). Following the 3D seismic campaign, should Chevron decide to drill an initial exploration well on the block, Chevron will carry 50% of the Company's share of costs associated with that well, up to a maximum of US$20 million net to the Company (gross total cost up to $100 million).

In June 2023, the Group was notified by ANCAP of the award of a licence for the OFF-3 block. The licence contract was signed on the 7th of March 2024. The first four-year exploration period commenced on the 7th of June 2024. During the initial exploration period the Group's minimum work obligations are modest, comprising licencing and reprocessing of 1,250 km^2 of 3D seismic data and undertaking two geotechnical studies. There is no drilling obligation. The estimated cost of this minimum work program is approximately $1.1 million with the work program to be completed prior to the 6th of June 2028. As at 31 December 2024 approximately 35% of this amount had already been spent and paid. Over and above the minimum work program, additional discretionary technical work may be conducted in respect of AREA OFF-3 to enhance the technical understanding of the block, but does not expect that this additional work will cost more than $700,000.

23 Commitments and contingencies – Group and Company (continued)

3 The Bahamas
On 21 February 2019, the Group received notification from the Government of The Bahamas of the extension of the term of its four licences to 31 December 2020, with the requirement that the Group commence an exploration well on the licences area before the end of the extended term. In November 2020 the term of the licence period was extended to 30 June 2021 following the outbreak of the global Covid-19 pandemic and the declaration of the Group of *force majeure* under the terms of its licences. On 20 December 2020 the Group commenced the drilling of an initial exploration well in The Bahamas, Perseverance-1, which was completed on the 7th of February 2021. As such, at present, the Group does not have any committed work obligations in The Bahamas. In March 2021 the Company notified the Government of the Bahamas that it was seeking to renew the four exploration licences for a further three-year period, having discharged its obligations under the previous licence term. As at the date of this report the Group remains in discussions with the Government of The Bahamas over the terms of the renewal of these licences and, once renewed, will have the obligation to commence a further exploration well in the licences area before the expiry of the renewed three-year term.

Annual licence rental commitments
The Group does not have any material annual rental payments payable on its licences in Uruguay or in Trinidad and Tobago.

The Group is required under its Bahamian exploration licences to remit annual rentals in advance to the Government of The Bahamas in respect of the licenced areas. On 27 February 2020, the Company advised that, consequent on the granting of Environmental Authorisation for the Perseverance-1 well, the Company and the Government of The Bahamas had agreed a process seeking a final agreement on the amount of licence fees payable for the balance of the second exploration period (including the additional period of time to which the licence period was extended as a result of *force majeure*). At the time, the parties entered into discussions with a view to finalising this outstanding matter, although as at the date of this report there has been no substantive progress on this issue with the Government of The Bahamas. The amount which the Group considers to be outstanding is small, and the Group expects this will be addressed as part of the broader discussion around renewal of the licences, as previously noted.

24 Related party transactions – Group and Company

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation. Transactions between other related parties are outlined below.

Remuneration of Key Management Personnel
The Directors of the Company are considered to be the Key Management Personnel. Details of the remuneration of the Directors of the Company are disclosed below, by each of the categories specified in IAS24 Related Party Disclosures.

	2024 $ 000's	2023 $ 000's
Short-term employee benefits (paid in cash)	836	638
Share-settled payments (*)	224	–
Share-based payments	4	–
Total	**1,064**	**638**

(*) Represents the fair value of shares issued to directors during the year in settlement of deferred salary and fees, less the total value of accrued salaries and fees on the date of settlement.

See note 7 for further details of the Directors' remuneration and note 21 for details of the Directors' share-based payment benefits.

Share options that have been granted to the Key Management Personnel for the year ended 31 December 2024 are as follows:

2024	Tranche A Options	Tranche B Options	Tranche C Options	Tranche D Options	Total
Eytan Uliel	600,000	600,000	600,000	600,000	2,400,000
Robert Bose	370,000	370,000	370,000	370,000	1,480,000
Total	**970,000**	**970,000**	**970,000**	**970,000**	**3,880,000**

Share options that have been granted to the Key Management Personnel for the year ended 31 December 2023 are as follows:

2023(*)	Tranche A Options	Tranche B Options	Tranche C Options	Tranche D Options	Total
Iain McKendrick	28,000,000	28,000,000	28,000,000	28,000,000	112,000,000
Eytan Uliel	85,000,000	85,000,000	85,000,000	85,000,000	340,000,000
Simon Potter	18,500,000	18,500,000	18,500,000	18,500,000	74,000,000
Stephen Bizzell	18,500,000	18,500,000	18,500,000	18,500,000	74,000,000
Total	**150,000,000**	**150,000,000**	**150,000,000**	**150,000,000**	**600,000,000**

(*) Number of warrants/options in this table are disclosed on a pre-share consolidation basis. On 6 August 2024, the Company reorganised its share capital and reduced the number of ordinary shares in issue by a ratio of 1:50, and all warrants/options on issue were similarly reduced by a ratio of 1:50. Refer to note 20 for further information.

There is no ultimate controlling party of the Group.

Notes to the financial statements for the year ended 31 December 2024 (continued)

24 Related party transactions – Group and Company (continued)

Other related party transactions
Transactions between the Company and its subsidiaries during the year are as follows:

	2024 $ 000's	2023 $ 000's
Loans, goods and services provided to Columbus Energy Resources Ltd	1,199	(599)
Loans, goods and services provided to BPC Ltd	72	122
Loans, goods and services provided to BPC Uruguay Holdings Ltd	–	5
Loans, goods and services provided to Columbus Energy Resources South America B.V.	–	(254)
Loans, goods and services provided to Columbus Energy (St Lucia) Ltd	3	5
Loans, goods and services provided to Steeldrum Oil Company Inc	–	(1,000)
Loans, goods and services provided to CEG Bonasse Trinidad Ltd	(3,106)	34
Loans, goods and services provided to CEG Goudron Trinidad Ltd	183	55
Loans, goods and services provided to CEG Management Services Ltd	258	233
Loans, goods and services provided to CEG Icacos Trinidad Ltd	15	37
Loans, goods and services provided to CEG Inniss-Trinity Trinidad Ltd	59	51
Loans, goods and services provided to CEG South Erin Trinidad Ltd	–	(178)
Loans, goods and services provided to T-REX Resources (Trinidad) Ltd	–	(105)
Loans, goods and services provided to Compañia Petrolifera de Sedano S.L.U.	–	–
Loans, goods and services provided to Uruguay S.A.	(10,521)	1,179
Loans, goods and services provided to CEG Off-3 Uruguay S.A.	437	–
	(11,401)	(415)

25 Events after the reporting period – Group and Company

On 18 February 2025, the Group announced that it has entered a transaction for the sale of its St Lucia domiciled subsidiary company, Columbus Energy (St. Lucia) Limited, which in turn holds various subsidiary entities collectively representing all of the Group's business, assets and operations in Trinidad and Tobago. The total transaction value agreed was $6 million (which could increase to up to $8 million under certain future production criteria) whereby the Group will receive cash and liquid securities of $1.75 million made up of an initial deposit of $0.25 million in Predator Oil and Gas Holdings Plc ("POGH") shares; $0.75 million on completion - $0.25 million in cash and $0.5 million in POGH shares; and $0.75 million, in cash, in three equal instalments at year-end 2025, 2026 and 2027; and on completion the buyer will assume all liabilities, provisions and potential exposures of the business, assets and operations in Trinidad and Tobago, which for the purposes of the transaction were agreed to be $4.25 million. At year-end 2027, an additional contingent payment of potentially up to $2 million is also available, under certain conditions linked to production exceeding 750 bopd.

Completion of the sale is subject to prior approval of (i) the Group's shareholders, and (ii) appropriate regulatory approval in Trinidad and Tobago, with both approvals to be obtained prior to 30 April 2025 (or such later date as the parties may agree).

On 27 March 2025, the Group received shareholder approval for the transaction to proceed following the passing of a resolution at an extraordinary general meeting.

On 2 April 2025, the Group announced that its ordinary shares had been approved to trade on the OTCQB Venture Market ("OTCQB") in the United States, and commenced trading on this day, under the ticker symbol "BHSPF". Trading of the Company's shares on the OTCQB does not affect trading of the Company's ordinary shares on AIM, which continues under the symbol "CEG", and no new ordinary shares were issued through this process.

On 6 May 2025, the Group and the buyer agreed to a 60-day extension for completion of the sale, to 30 June 2025, to allow for additional time to secure the requisite regulatory approvals, given administrative uncertainty due to the snap-election called in Trinidad and Tobago in March 2025. As at the date of this report, completion of the transaction remains pending.

The 31 December 2024 results for Columbus Energy (St. Lucia) Limited and subsidiary entities are presented below:

Income statement	$ 000's
Revenue	3,454
Cost of sales	(3,891)
Administration expenses	(2,298)
Impairment	(4,452)
Operating foreign exchange gains/(losses)	566
Finance costs	(22)
Other income	73
Income tax credit	25
	(6,545)

25 Events after the reporting period – Group and Company (continued)

The major classes of assets and liabilities of Columbus Energy (St. Lucia) Limited and subsidiary entities at 31 December 2024 are presented below:

	$ 000's
Assets	
Cash and cash equivalents	261
Restricted cash	292
Trade and other receivables	1,849
Inventories	148
Tangible and intangible assets	4,194
Abandonment fund	1,656
Deferred Tax Asset	1,333
	9,733
Liabilities	
Trade and other payables	(5,938)
Provisions	(2,474)
Deferred tax liability	(1,378)
	(9,790)
Total net liability	**(57)**

26 Comprehensive expense for the year – Company

The Company's loss after tax for the year was $4,532,000 (2023: loss of $9,070,000).

Corporate Directory

Company Number	Registered in the Isle of Man with registered number 123863C	
Current Directors	**Iain McKendrick** Non-Executive Chairman	**Eytan Uliel** Chief Executive Officer
	Simon Potter Non-Executive	**Stephen Bizzell** Non-Executive
	Robert Bose Non-Executive	
Secretary	**Benjamin Proffitt** Company Secretary	**Jonathan Gilmore** Joint Company Secretary
Registered Office and Corporate Headquarters	The Engine House Alexandra Road, Castletown Isle of Man IM9 1TG	
Registrar	**Link Market Services (IOM) Limited** PO Box 227 Peveril Buildings Peveril Square Douglas Isle of Man IM99 1RZ	
Auditor	**Grant Thornton** 13-18 City Quay Dublin 2 Ireland	
Principal Legal Advisors	**Clyde & Co** St Botolph Building 138 Houndsditch London EC3A 7AR United Kingdom	
Nominated Advisor	**Zeus Capital Limited** 125 Old Board Street London ECN2 1AR United Kingdom	
Joint Brokers	**Stifel Nicolaus Europe Limited** 150 Cheapside London EC2V 6ET United Kingdom	**Zeus Capital Limited** 125 Old Broad Street London EC2N 1AR United Kingdom

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