CADOGAN ENERGY SOLUTIONS PLC
Annual Results for the year ended 31 December 2023

The Board of Cadogan Petroleum plc, ("Cadogan" or "the Company"), is pleased to announce the Company's annual results for the year ended 31 December 2023.

Key Financial Highlights of 2023:

- Profit for the year: $1.3 million (2022: loss of $1.6 million)
- Average realised price[1]: $59.32/boe (2022: $73.4/boe)
- Gross revenues[2]: $7.6 million (2022: $8.5 million)
- G&A[3]: $3.6 million (2022: $3.4 million)
- Profit per share: 0.5 cents (2022: loss of 0.6 cents)
- Cash at year end: $14.2 million (2022: $13.9 million)

Key Operational Highlights of 2023:

- Production: 119,057 bbl (2022: 117,793 bbl), a 1% increase year-on-year;
- No LTI/TRI[4];
- ISO 14001 and 45001 certifications were re-validated by respective authority for one year;
- Extension of Blazhiv-3 and Blazhiv-Monastyrets-3 wells' lease contracts for a 5-year period;
- Qualification of Exploenergy as gas operator in Italy by the Ministry of Environment and Energy Transition; and
- Launch of the gas-to-power investment in Ukraine with the aim of being an electricity producer in 2025.

Group overview

In 2023, the Group continued to maintain exploration and production assets, and to operate an oil services business in Ukraine. Cadogan's assets are concentrated in the West of the country. The oil services business focuses on workover operations, civil works services and other services to satisfy Cadogan intra-group operational needs.

Our business model

We aim to increase value through:

- Maintaining a robust balance sheet, monetising the remaining value of our Ukrainian assets and supplementing E&P cash flow with revenues from gas trading and oil services
- Developing new activities along the energy value chain with a lower impact on environment
- Diversifying Cadogan's portfolio, both geographically and operationally

Ukraine

2023 remained a highly challenging year for Cadogan due to the ongoing invasion of Ukraine by Russia and its consequences on the operational activities of the Group.

West Ukraine

The Group continued to produce oil from its production Blazhiv license located in the West of Ukraine. The Group could not avoid temporary shutdowns of its production during in the Q1 2023 due to the severe constraints arisen in the country. Notwithstanding this, production grew up by 1% above the production of 2022. Net oil production was 119,057 bbl corresponding to an average of 326 bpd.

Cadogan has signed with PJSC Ukrnafta the extension of the wells Blazhiv-3 and Blazhiv-Monastyrets-3 lease contracts for a 5-year period (previous contracts were for a 3-year period) ahead the expiry period which allowed to avoid production stoppage and secure cash flows.

In 2023, the Company continued focusing on the subsoil study of Blazhiv field. Cadogan conducted and completed full hydrodynamic surveys of Blazhiv-1, Blazhiv-3, Blazhiv-Monastyrets-3 and Blazhiv-10 wells. The hydrodynamic model as well as the production forecast were updated. In the second half 2023, the Company launched a new assessment of hydrocarbon reserves, by an independent expert, according to PRMS standards. The assessment was completed at the end of February 2024.

Cadogan is expanding into the electricity generation business by using the gas emissions related to oil production. This will allow to significantly reduce atmospheric emissions and ensure additional cash-flow. The Company launched the project to capture non-commercial associated gas during oil production at the Blazhiv field, which will then be used to generate electricity for sale on the grid. This project is anticipated to result in a substantial decrease in Cadogan's annual gas emissions, with the intensity ratio estimated to drop from 126 to approximately 33 tons of CO2 e/Kboe. The project is scheduled to be operational in Q1 2025.
The Company completed the acquisition of the 5% of the share interest in Usenco Nadra LLC and now holds 100% of Usenco Nadra LLC.

Subsidiary businesses

Due to high market volatility caused by military escalation in Ukraine, Cadogan has kept its trading activity low. Despite this, the Company managed to execute few deals, and kept in storage 0.7 million m3 of gas to secure resources.

Astroservice LLC, the oil services subsidiary, continued to support Blazhiv license wells' operations.

Italy

The Group owns a 90% interest in Exploenergy s.r.l., an Italian company, which controls two exploration areas (Reno Centese and Corzano), located in the Po Valley region (Northern Italy).

In February 2022, the Plan for the Sustainable Energy Transition of Suitable Areas ("PITESAI") was approved by the Ministry for Environment and Energy Transition. It delivers a new framework for the possible resumption of exploration and production activities on land and at sea. Exploenergy was notified in 2022 that its projects were located in compatible areas identified by the PITESAI. In November 2023, Exploenergy was notified by the Ministry for Environment and Energy Transition, that the procedure for verification of the technical, organizational and economic capacity of Exploenergy as a qualified gas operator resulted in a successful decision. In February 2024, the Regional Administrative Court rejected the PITESAI. Exploenergy is awaiting the decision of the Ministry for Environment and Energy Transition to indicate the way forward. The Italian national interest in the development of gas fields remains confirmed.

In February 2019, the Group entered in a 2-year loan agreement with Proger Management & Partners Srl ("PMP") with an option which Cadogan could exercise, with no obligation, to get a 33% equity interest in Proger Ingegneria Srl which in turn held at 31 December 2020 a 75.95% equity interest in Proger Spa. Proger is an Italian engineering company providing services in Italy and in different international areas.

Cadogan did not exercise the Call Option. In February 2021, Cadogan notified PMP that according to the Loan Agreement, the Maturity Date occurred on 25 February 2021, and as the Call Option was not exercised, PMP must fulfill the payment of EUR 14,857,350, being the reimbursement of the Loan in terms of principal and the accumulated interest at this Maturity Date. PMP is in default since 25 February 2021. End of March 2021, PMP requested an arbitration to have the Loan Agreement recognized as an equity investment contract, which is rejected by Cadogan as the terms of the Loan Agreement are clear and include the right to repayment at maturity if the Call Option is not exercised.

The Arbitration proceeding ended in July 2022.

The Arbitral Committee:

- Rejected Proger's principal claim, and declared that the Loan Agreement is valid and effective,
- Deemed to qualify the Call Option as a preliminary contract under condition, but
- Rejected Proger's claim ex art. 2932 Italian Civil Code, stating that it is impossible to give an award producing the same effects of a final contract ex art. 2932 Italian Civil Code,
- This is because of the duties established by the rules of the London Regulatory Authority and because of the need, possibly by both parties, to comply with the due proceedings before the formalization of the entry of Cadogan into the capital of Proger Ingegneria,
- Subordinated the stipulation of the final contract to the precedent completion of the proceeding and bureaucratic process as per the British rules, stating that, otherwise,
- There is the obligation on Proger Ingegneria to return the money received under the Loan Agreement.

Cadogan introduced an appeal, still pending with a next hearing on September 2025, on the qualification of the Call Option as a preliminary contract. Meanwhile, having taken note of the content of the Award of July 2022, Cadogan repeatedly invited Proger to implement the provisions of the Award. When the invitation remained unsuccessful, Cadogan with a formal notice contested Proger's refusal, arguing that it was in direct contrast with the clear and unequivocal provision of the Award, which expressly subordinates the possible transfer of shareholdings to the prior fulfilment of the formalities required by English law and procedures related to Cadogan as a listed company on the London Stock Exchange; and also opposing Proger for having behaved and continuing to behave in a manner that has made it definitely impossible to the occurrence of the condition precedent referred to in the above-mentioned Award.
According to the provisions of the aforementioned Award, the right to reimbursement of the amount covered by the Loan Agreement has arisen in favour of Cadogan, plus interest accrued, and of which Cadogan then demanded immediate payment.
Last November 2023, Cadogan had to initiate a second arbitration to assert its right to restitution and obtain Proger's condemnation of the consequent payment.

Strategic Report

The Strategic Report has been prepared in accordance with Section 414A of the Companies Act 2006 (the "Act") and presented hereunder. Its purpose is to inform stakeholders and help them assess how the Directors have performed their legal duty under Section 172 of the Act to promote the success of the Company.

Section 172 Statement

The Company's section 172 statement is presented on page 36 and 37 and forms part of this strategic report.

Principal activity and status of the Company

The Company is registered as a public limited company (registration number 05718406) in England and Wales. Its principal activity is oil and gas exploration, development and production; the Company also conducts gas trading and provides services. In November 2022, the shareholders approved the change of name and the strategy to expand its activities along the energy value chain to new forms of energy with a reduced impact on the environment. In December 2023, the Company stepped in the electricity generation sector by launching the investment in the gas-to-power project on the Blazhiv field in Ukraine.

The Company's shares have a standard listing on the Official List of the UK Listing Authority and are traded on the Main Market of the London Stock Exchange.

Key performance indicators

The Group monitors its performance through five key performance indicators ("KPIs"):

- to increase oil, gas and condensate production measured on the number of barrels of oil equivalent produced per day ("boepd");
- to decrease administrative expenses;
- to increase the Group's basic earnings per share;
- to maintain no lost time incidents; and
- to grow geographically and operationally diversify the portfolio.

The Group's performance in 2023 against these KPI's is set out in the table below, together with the prior year performance data.

	Unit	2023	2022	2023 vs 2022
Average production (working interest basis) 1	boepd	326	323	+1%
Overhead (G&A)	$ million	(3.6)	(3.4)	+6%
Basic profit/(loss) per share 2	cents	0.5	(0.6)	+183%
Lost time incidents 3	incidents	-	-	-
Geographic diversification	new assets	-	-	-

1. Average production is calculated as the average daily production during the year
2. Basic profit/(loss) per ordinary share is calculated by dividing the net profit/(loss) for the year attributable to equity holders of the parent company by

the weighted average number of ordinary shares during the year

3. Lost time incidents relate to the number of injuries where an employee/contractor is injured and has time off work (IOGP classification)

Chairman's Statement

2023 was another year of unprecedented challenges for Ukraine, as the invasion of Ukraine by Russia continued to cause damages in the country and impact the European stability. The continuous escalation of hostilities and the geopolitical uncertainties still presented significant obstacles for our operations and were threats to the assets of the Group in Ukraine.

Despite these challenges, Cadogan remained steadfast in its commitment to operational excellence, safety, and sustainability. We continued implementing rigorous risk management to safeguard our operations and ensure the well-being of our workforce. The safety of our people is our highest priority. The Group is taking all possible actions to preserve the safety of its employees and meet their needs.

As for existing operations in Ukraine, Cadogan has demonstrated robust performance in oil production maintaining steady output levels exceeding 2022 results. Moreover, the Group has launched an investment in the power generation, showcasing its resilience and commitment to growth and diversification despite stormy weathers adversity in the country.

In 2023, despite the volatility in the oil and gas markets, Cadogan has adapted its strategies to manage these uncertainties. By implementing agile measures, the Group has effectively mitigated the impact of market volatilities, ensuring continuity of its oil production and sales which allowed to minimize the temporary shutdowns of its production activities.

Looking ahead, we recognise that the geopolitical uncertainties and security risks will continue to be high challenges. However, we remain committed to advance through these challenges with resilience, integrity, and determination. This is possible thanks to the commitment of all with a competent and strong management. The Board remains focused on maximizing value from our assets and on our strategy based on the future diversification of our activities towards sectors providing lower impacts on environment along the energy value chain.

Michel Meeùs
Non-Independent Non-Executive Chairman
07 May 2024

Chief Executive's Review

With the ongoing war resulting from the Russian invasion of Ukraine in 2022, the Group was compelled to adapt to a drastically altered operating and economic environment. We swiftly implemented measures to mitigate risks, ensuring the safety of personnel and assets while facing the operational, economic, and financial challenges posed. Following these events, in 2023, Cadogan had to operate in a highly complex environment characterised by air shelling of oil & gas and energy infrastructures, oil & gas prices volatilities, martial law restrictions on the financial transactions as well as other associated risks.

The ongoing war and the unpredictable air strikes continue to impact the sector of oil and gas in Ukraine, with uncertainties surrounding production, distribution, and market dynamics. The bombing naturally affected the oil and gas production in the country. Oil refineries as well as energy infrastructure suffer constant air attacks and remain severely damaged.

Cadogan employees in Ukraine have been operating in a combined remote and office work mode, prioritising both safety and productivity. We are pleased to report that all our employees remain safe and uninjured since the beginning of the invasion in February 2022.

The imposition of legislative restrictions on oil and gas exports due to war time has significantly impacted the operations of the industry. This restriction has created challenges for companies operating in the country, limiting their ability to access international markets.

The government pursued the efforts for the modernization of its oil and gas regulatory framework, in particular, by enforcing law #4187 which deregulates the subsoil sector, introduces a free market of licenses and simplifies access to the land.

Against this challenging background, Cadogan's operational activities performed as following:

- a 1% increase in production, from 117,793 bbl in 2022 to 119,057 bbl in 2023;
- a robust balance sheet, with $14.2 million of net cash;
- a significant diversification in electricity generation business by developing a new project in Ukraine;
- the extension of Blazhiv-3 and Blazhiv-Monastyrets-3 wells' lease contracts for a 5-year period; and
- another year without LTIs'.

Core operations

Cadogan has continued to safely produce from its Blazhiv field in the West of Ukraine. Oil production has increased by 1% compared to the previous year despite the temporary production shutdowns caused by severe constraints in the country. This was largely due to our focus on operational efficiency and effective planning and timely implementation of production support measures.

In 2023 Cadogan extended lease contracts with PJSC Ukrnafta for the Blazhiv-3 and Blazhiv-Monastyrets-3 wells, prolonging the agreement from 3 to 5 years ahead of the expiry period. This important move ensured uninterrupted production and allowed securing cash flows. By proactively extending these contracts, the company demonstrates its commitment to stability and long-term sustainability in operations.

In 2023, the company maintained its focus on studying the subsoil of the Blazhiv field. Full hydrodynamic surveys of Blazhiv-1, Blazhiv-3, Blazhiv-Monastyrets-3, and Blazhiv-10 wells were conducted and completed, leading to updates of the hydrodynamic model and production indicators. Additionally, in the latter half of 2023, the company initiated a new reserves assessment conducted by an independent expert, in accordance with PRMS standards. This assessment was successfully completed in February 2024, enhancing the Company's understanding of hydrocarbon reserves and informing strategic decision-making.

Cadogan is expanding its operations into electricity generation activities. The Company has initiated a project focused on capturing non-commercial associated gas during oil production at the Blazhiv field and converting it into electricity for sale on the grid. Expected to be operational in Q1 2025, this project is anticipated to significantly decrease Cadogan's annual gas emissions, with the intensity ratio projected to drop from 126 to approximately 33 tons of CO2 e/Kboe. This project holds significant importance for Ukraine, particularly due to country's shortage of balancing electricity generating facilities caused by the destruction of infrastructure during the war. Cadogan's initiative to convert non-commercial associated gas into electricity will make its contribution to mitigate the gap in generating capacity.

High operational standards of the Group have been confirmed again by zero LTI or TRI, with a total over 1,720,000 manhours since the last incident, and re-validation off ISO 14001 & 45001 certifications by respective authority for the one year.

Exploenergy srl was notified, in November 2023, by the Ministry for Environment and Energy Transition, that the procedure for verification of the technical, organisational, and economic capacity of Exploenergy as a qualified gas operator resulted in a successful decision. This is a significant move for Cadogan. It will allow a geographical diversification of its assets and a significant value creation. In February 2024, the Regional Administrative Court rejected the PITESAI. Exploenergy is awaiting the decision of the Ministry for Environment and Energy Transition to indicate the way forward. The Italian national interest in the development of gas fields remains confirmed.

Non E&P operations

Due to the high market volatility resulting from military escalation in Ukraine, Cadogan has maintained its trading activity at a low level. The Company has cautiously executed few deals in the market while strategically positioning itself for future trading seasons. In preparation for the upcoming 2024 trading season, Cadogan purchased 0.7 million m3 of gas at the end of 2023, The oil services activities were used primarily to serve the Group's wells' operations.

Proger

In February 2019, Cadogan used part of its cash (Euros 13.385 million) to enter into a 2-year Loan Agreement with Proger Managers & Partners, together with a Call Option Agreement which could be exercised by Cadogan, with no obligation, between September 2019 and February 2021, and subject to shareholders' approval, into a 33 % equity interest in Proger Ingegneria which in turn held, a 75.95% equity interest in Proger as at 31 December 2020, and a 96.48% equity interest in Proger as of 31 December 2021.

As at 25 February 2021, being the Maturity Date, the Call Option was not exercised by Cadogan and accordingly to its previous notification Cadogan demanded repayment of the Loan together with the accumulated interest which in total amounted Euro 14,857,350. After five business days, PMP was in default and asked for an additional term that ended on 19 March 2021. The terms of the Loan Agreement provide for an additional default interest of 2%. End of March 2021, PMP contested the default situation and the obligation to reimburse and asked for an Arbitration according to the said Loan Agreement to get the Loan Agreement recognised as an equity investment contract. Cadogan consider PMP's arguments as groundless and consider that they are intended to delay PMP reimbursement obligations. The Arbitration proceeding ended in July 2022.

The Arbitral Committee:

- Rejected Proger's principal claim, and declared that the Loan Agreement is valid and effective,
- Deemed to qualify the Call Option as a preliminary contract under condition, but
- Rejected Proger's claim ex art. 2932 Italian Civil Code, stating that it is impossible to give an award producing the same effects of a final contract ex art. 2932 Italian Civil Code,
- This because of the duties established by the rules of the London Regulatory Authority and because of the need, possibly by both parties, to comply with the due proceedings before the formalization of the entry of Cadogan into the capital of Proger Ingegneria,
- Subordinated the stipulation of the final contract to the precedent completion of the proceeding and bureaucratic process as per the British rules, stating that, otherwise,
- There is the obligation on Proger Ingegneria to return the money received under the Loan Agreement.

Cadogan introduced an appeal, still pending with a next hearing on September 2025, on the qualification of the Call Option as a preliminary contract.
Meanwhile, having taken note of the content of the Award of July 2022, Cadogan repeatedly invited Proger to implement the provisions of the Award. When the invitation remained unsuccessful, Cadogan with a formal notice contested Proger's refusal. This refusal was in direct contrast with the clear and unequivocal provision of the Award, which expressly subordinates the possible transfer of shareholdings to the prior fulfilment of the formalities required by English law and procedures related to Cadogan as a listed company on the London Stock Exchange. Furthermore, Proger behaved and continue to behave in a manner that has made it definitely impossible to the occurrence of the condition precedent referred to in the above-mentioned Award.
According to the provisions of the aforementioned Award, the right to reimbursement of the amount covered by the Loan Agreement has arisen in favour of Cadogan, plus interest accrued, and of which Cadogan then demanded immediate payment.

Last November 2023, Cadogan had to initiate a second arbitration, with a first audience fixed for the 3rd May 2024, to assert its right to restitution and obtain Proger's condemnation of the consequent payment.

Outlook

Despite the continuous difficulties and tremendous challenges imposed by the war in Ukraine, the Group has demonstrated its ability to have profitable activities, develop sustainable new activities and diversify in more environmentally friendly activities.
Regarding the Loan provided to Proger in February 2019, Cadogan will continue to engage all necessary legal actions to protect its interests and recover the cumulated amount due by Proger.
The Group is expecting another challenging year and is seeking to mitigate these constraints through several options and solutions. The diversification along the energy value chain will be pursued and accelerated in 2024 with new sustainable initiatives.
This strategy is totally aligned with the Climate Change requirements for sustainability of Cadogan's activities.
Fady Khallouf
Chief Executive Officer
07 May 2024

Operations Review

Overview

At 31 December 2023, the Group held working interests in one conventional gas, condensate and oil exploration and production license in the west of Ukraine.

Summary of the Group's licenses (as at 31 December 2023)			
Working interest (%)	License	Expiry	License type
100	Blazhiv	November 2039	Exploration and Production

West Ukraine

E&P activity remained focused on maintaining its license and safely and efficiently producing from the existing wells as well as implementing non-invasive production enhancement scenarios within the Blazhiv oil field.

Blazhivska license

In 2023, the daily average net oil production reached 326 barrels per day, indicating a 1% increase compared to 2022's production of 323 barrels per day. Due to the ongoing war and its impacts on the energy infrastructures and market the company could not avoid temporary production shutdowns.

In 2023, the Company maintained its focus on the subsoil study of the Blazhiv field, building upon the laid in 2022 with the processing and reinterpretation of old 2D seismic data. In 2023, Cadogan completed comprehensive hydrodynamic surveys of Blazhiv-1, Blazhiv-3, Blazhiv-Monastyrets-3, and Blazhiv-10, leading to updates of the hydrodynamic model and production indicators. Furthermore, the Company initiated a new assessment of hydrocarbon reserves conducted by an independent expert, as per to PRMS standards. This assessment was calculated as at 31 December 2023.

Cadogan has signed agreements with PJSC Ukrnafta to extend the lease for wells Blazhiv-3 and Blazhiv-Monastyrets-3, extending the duration from three to five years. These extensions were secured before the contracts expired, ensuring uninterrupted production and steady cash flows for the company. Additionally, the extended lease period, five years instead of three previously, will facilitate more secure planning and assessment for potential interventions on the wells.

Gas trading

Due to the significant market volatility resulting from the ongoing in Ukraine, Cadogan has maintained its trading activity at a low level. Despite this cautious approach, Cadogan executed few deals and secured 0.7 million m3, as resource reserve for future trading activities.

Service

The Group continued to provide services through its wholly owned subsidiary Astroservice LLC. The provided services were primarily focused on serving intra-group operational needs in wells' re-entry/repairs and stimulation operations, well surveys and field on-site activities. In the context of the prevailing situation in Ukraine, the services segment was dedicated totally to supporting the Group's production activities.

Other events

The Company completed the acquisition of the 5% of the share interest in Usenco Nadra LLC and now holds 100% of Usenco Nadra LLC. Such consolidation has allowed to re-engineer the corporate structure in Ukraine and become more efficient.

Financial Review

Overview

In 2023, the Group had few trading operations and its oil production increased by 1%. The Group's operating divisions delivered a positive contribution of $2.2 million (2022: positive contribution of $2.9 million excluding the impairment of oil and gas assets).

The average realised oil price decreased by 19% from $73.4 to $59.3 per barrel.

The cash position increased to $14.2 million as at 31 December 2023 compared to $13.9 million as at 31 December 2022.

The trading business company bought and sold gas throughout the year, resulting in a negative $61,000 outcome for the year. However, at the end of the year, the company had a gas surplus worth $213,000 in monetary equivalent.

Income statement

The Revenues from production decreased from $8.5 million in 2022 to $7.6 million in 2023. This result is integrating mainly a decrease in oil average realised prices by 19%, and E&P costs of sales almost at the same level: $5.39 million in 2023 and $5.55 million in 2022. These costs include production royalties and taxes, fees paid for the rented wells, depreciations, depletion of producing wells, direct staff costs and other costs for exploration and development. Overall, in 2023, E&P made a positive contribution of $2.2 million (2022: $2.9 million) to gross profit.

The gas trading business contributed with a slightly gross margin of $3,000 in 2023 (2022: $nil).

Administrative expenses ("G&A") remained contained with an increase of 6% compared to year 2022, note 8.

Balance sheet

The Property Plant & Equipment (PP&E) balance was $5.8 million at 31 December 2023 (2022: $6.6 million). It primarily represents the carrying value of the assets invested and engaged in Blazhiv license. The E&E and PP&E are held by Ukrainian subsidiaries with functional currency Ukrainian Hryvna. The Ukrainian Hryvna was devaluated by 3% as at 31 December 2023 compared to 31 December 2022, generating a movement in the E&E and PP&E value presented in the US Dollar.

Trade and other receivables of $0.3 million (2022: $0.3 million) include $0.2 million of recoverable VAT (2022: $0.1 million), which is expected to be recovered through production activities, and $0.1 million (2022: $0.2 million) of other receivables.

Inventories slightly increased from $0.3 million to $0.4million principally due to the increase of gas in the stock.

The Proger loan was held at amortised cost at $17.1 million (2022: $15.8 million). Refer to the Chief Executive's Report for further details together with note 4(d) and 28.

The $1.4 million of trade and other payables as at 31 December 2023 (2022: $1.4 million) consist of $0.8 million (2022: $0.6 million) of accrued expenses and $0.6 million (2022: $0.8 million) of other payables.

Provisions include $0.2 million (2022: $0.4 million) of long-term and current provisions for decommissioning costs which represents the present value of these costs that are expected to be incurred in 2039 for producing assets, when the existing Blazhiv license will expire, and current provision for the decommissioning costs of the Bitlyanska license.

Net cash slightly increased to $14.2 million at 31 December 2023 compared to $13.9 million at 31 December 2022.

Cash flow statement

The Consolidated Cash Flow Statement on page 78 shows operating cash outflow before movements in working capital of $0.6 million (2022: inflow of $0.2 million), which represents mostly cash generated by the E&P net of corporate expenses.

Related party transactions

Related party transactions are set out in note 30 to the Consolidated Financial Statements.

Treasury

The Group continually monitors its exposure to currency risk. It maintains a portfolio of cash mainly in US dollars ("USD") and Euro held primarily in the UK. Production revenues from the sale of hydrocarbons are received in Hryvna, the local currency in Ukraine. Since the martial law established in February 2022 in Ukraine, the cash generated in Ukraine must be kept in Hryvna in Ukraine.

Risks and uncertainties

There are several potential risks and uncertainties that could have a material impact on the Group's long-term performance and could cause the results to differ materially from expected and historical results. Executive management review the potential risks and then classify them as having a high impact if above $5 million, medium impact if above $1 million but below $5 million, and low impact if below $1 million. They also assess the likelihood of these risks occurring. Risk mitigation factors are reviewed and documented based on the level and likelihood of occurrence. The Audit Committee reviews the risk register and monitors the implementation of risk mitigation procedures via Executive management, who are carrying out a robust assessment of the principal risks facing the Group, including those potentially threatening its business model, future performance, solvency and liquidity.

The Group has analysed the following categories as key risks:

Risk	**Mitigation**
War risks	
Since Spring 2021, Russia has gradually increased the concentration of military equipment, weapons and troops near the Ukrainian borders. On 24 February 2022, the Russian troops attacked Ukraine and invaded its territory. Severe fights have been engaged in Kyiv, and several other main cities like Kharkiv, Mariupol, Kherson, Sumy and Chernihiv. Missile attacks and bombing are used by the Russian troops to destroy infrastructures and facilities even in the western cities, like Lviv. Cyber-attacks have increased. Given the unpredictability of the issue of this war, a full-scale invasion of Ukraine or a much longer duration of this war could have material impacts on the Group's operations and on its human, industrial and financial resources. In 2023, the situation remained highly challenging and complicated with the possibility for further escalation.	Anticipating the beginning of the war, the Group put in place, since the beginning of February 2022, emergency procedures communicated to all employees on the different sites in Ukraine with an Emergency Committee communicating every day. Safety measures have been dispatched with a remote working organization. Specific measures have been put in place for the operations on site. In case of need, specific measures were put in place to suspend the operations of the Blazhiv field wells, with technical measures for decommissioning and temporary conservation of the wells. The transmission and internet connection systems have been secured with a satellite connection. IT security has been reinforced. The Group is monitoring the situation daily and taking appropriate action to ensure the safety and the essential needs of its employees. In 2023, Cadogan employees in Ukraine continued operating in the combined (remote/ office) work mode with the key focus on the safety measures.
Operational risks	
Health, Safety and Environment ("HSE")	
The oil and gas industry by its nature conducts activities, which can cause health, safety and environmental incidents. Serious incidents can have not only a financial impact but can also damage the Group's reputation and the opportunity to undertake further projects.	The Group maintains a HSE management system in place and demands that management, staff and contractors adhere to it. The system ensures that the Group meets Ukrainian legislative standards and for the CO2 emissions the British standards and achieves international standards to the maximum extent possible. Management systems and processes have been certified as ISO 14001 and ISO 45001 compliant.
Climate change	
After the Paris Agreement (COP 21) the international community is committed to reduce greenhouse gas emissions to slow down the climate change and contain its effects. Countries may impose moratorium on E&P activities or enact tight limits to emissions level, which may curtail production. Shareholders may also request that the Company adopt stringent targets in terms of emissions reduction.	A moratorium on domestic production is deemed highly unlikely in Ukraine given the country's need for affordable energy. Such risks exist in Italy, but the Group's exposure there is limited. Management strives to reduce emissions in everything the Group does and has started implementing alternatives to offset and/or mitigate emissions. In 2023, the Group has reviewed its administrative and operational process to identify the areas of further improvement in the limitation of its environmental impact. The Group has launched its gas-to-power project on its Blazhiv oil field in Ukraine. The aim of this project is to capture the gas emissions during oil production and use them to generate electricity to be sold on the grid. This project will allow to decrease significantly Cadogan's annual emissions with the intensity ratio emission to drop from 126 to 32 tons of CO2 e/Kboe. The project will be operational in Q1 2025. For the future, Cadogan will continue to diversify its activities by investing in new activities with a lower impact on environment.
Drilling and Work-Over operations	
The technical difficulty of drilling or re-entering wells in the Group's locations and equipment limitations can result in the unsuccessful completion of the well.	The incorporation of detailed sub-surface analysis into a robustly engineered well design and work programme, with appropriate procurement procedures and competent on-site management, aims to minimise risk. Only certified personnel are hired to operate on the rig floor. Contractor's access to the operational sites is allowed only after control of staff qualification and check-up of appropriate technical condition of the equipment and machinery
Production and maintenance	
There is a risk that production or transportation facilities could fail due to non-adequate maintenance, control or poor performance of the Group's suppliers.	All plants are operated and maintained at standards above the Ukrainian minimum legal requirements. Operative staff are experienced and receive supplemental training to ensure that facilities are properly operated and maintained. When not in use the facilities are properly kept under conservation and routinely monitored. Service providers are rigorously reviewed at the tender stage and are monitored during the contract period.
Sub-surface risks	
The success of the business relies on accurate and detailed analysis of the sub-surface. This can be impacted by poor quality data, either historic or recently gathered, and limited coverage. Certain information provided by external sources may not be accurate.	All externally provided and historic data is rigorously examined and discarded when appropriate. New data acquisition is considered, and appropriate programmes implemented, but historic data can be reviewed and reprocessed to improve the overall knowledge base. Agreements with qualified local and international contractors have been entered into to supplement and broaden the pool of expertise available to the Company.

Data can be misinterpreted leading to the construction of inaccurate models and subsequent plans.	All analytical outcomes are challenged internally and peer reviewed. Analysis is performed using modern geological software.
The area available for drilling operations is limited due to logistics, infrastructures and moratorium. This increases the risk for setting optimum well coordinates.	Bottom hole locations are always checked for their operational feasibility, well trajectory, rig type, and verified on updated sub-surface models. They are rejected if deemed to be too risky.
The Group may not be successful in proving commercial production from its licenses and consequently the carrying values of the Group's oil and gas assets may have to be impaired.	The Group performs, on an annual basis, a review of its oil and gas assets, impairs if necessary, and considers whether to commission a review from a third party or a Competent Person's Report ("CPR") from an independent qualified contractor depending on the circumstances.
Financial risks	
The Group is at risk from changes in the economic environment both in Ukraine and globally, which can cause foreign exchange movements, changes in the rate of inflation and interest rates and lead to credit risk in relation to the Group's key counterparties. The martial law in Ukraine forbids the transfer of cash outside of Ukraine. The cash held in Ukraine must be held in the local currency (Hryvna). The decrease of the value of the Hryvna is a major risk on the cash held by the Group in Ukraine. Since the martial law in Ukraine, there is an obligation to keep the cash held by Cadogan in Ukraine in Hryvna with period restrictions for transfers out of the Country. In February 2019, Cadogan entered into a 2-year Loan Agreement (Euros 13.385 million) with Proger Management & Partners with a Call Option that could be exercised by Cadogan, between September 2019 and February 2021, with no obligation, allowing a 33 % equity interest in Proger Ingegneria. This represented a key transaction and element of the Group balance sheet. At 25 February 2021, being the Maturity Date, Cadogan did not exercise its Call Option and PMP must reimburse Euros 14,857,350. End of March 2021, PMP did not reimburse and asked for an arbitration to get the Loan Agreement recognized as an equity investment contract.	Revenues in Ukraine are received in hryvnia and expenditure is made in Hryvnia. The Group continues to hold most of its cash reserves in the UK mostly in USD and Euro. Cash reserves are placed with leading financial institutions, which are approved by the Audit Committee. Before the war in Ukraine, foreign exchange risk was considered a normal and acceptable business exposure, and the Group did not hedge against this risk for its E&P operations. The Group is currently analysing different options. The terms of the agreement are clear and include the right to repayment at maturity if the Call Option is not exercised. As security for the reimbursement of the loan, Cadogan benefits from a pledge over the shares held by Proger Managers & Partners in Proger Ingegneria. In addition to that, Cadogan is engaging all the necessary actions in the Arbitration process and more generally the adequate legal actions to protect the interests of the Company and all of its stakeholders. The investigation is closed. On 28 July 2022, the Arbitration Committee delivered an award rejecting Proger's request, established that the Loan Agreement was valid and effective, and indicated the conditions precedent for the completion of any transaction with Proger Ingegneria. In case of non-completion, Proger must reimburse Cadogan according to the Loan Agreement. Refer to note 28 to the Consolidated Financial Statements for detail on financial risks.
The Group is at risk that counterparties will default on their contractual obligations resulting in a financial loss to the Group.	Procedures are in place to scrutinize new counterparties via a Know Your Customer ("KYC") process, which covers their solvency. In addition, when trading gas, the Group seeks to reduce the risk of customer non-performance by limiting the title transfer to product until the payment is received, prepaying only to known credible suppliers.
The Group is at risk that fluctuations in gas prices will have a negative result for the trading operations resulting in a financial loss to the Group.	The Group mostly enters back-to-back transactions where the price is known at the time of committing to purchase and sell the product. Sometimes the Group takes exposure to open inventory positions when justified by the market conditions in Ukraine, which is supported by analysis of the specific transactions, market trends and models of the gas prices and foreign exchange rate trends.
Country risks	
Legislative changes may bring unexpected risk and create delays in securing licenses or ultimately prevent licenses and license renewals /conversions from being secured.	Compliance procedures, monitoring and appropriate dialogue with the relevant authorities are maintained to minimise the risk. In all cases, deployment of capital in Ukraine is limited and investments are kept at the level required to fulfil license obligations.
Other risks	
The Group's success depends upon skilled management as well as technical and administrative staff. The loss of service of critical members from the Group's team could have an adverse effect on the business.	The Group periodically reviews the compensation and contract terms of its staff in order to remain a competitive employer in the markets where it operates.
The Group is at risk of underestimating the risk and complexity associated with the entry into new countries.	The Group applies rigorous screening criteria in order to evaluate potential investment opportunities. It also seeks input from independent and qualified experts when deemed necessary. Additionally, the required rate of return is adjusted to the perceived level of risk.
Local communities and stakeholders may cause delays to the project execution and postpone activities.	The Group maintains a transparent and open dialogue with authorities and stakeholders (i) to identify their needs and propose solutions which address them as well as (ii) to illustrate the activities which it intends to conduct and the measures to mitigate their impact. Local needs and protection of the environment are always taken into consideration when designing mitigation measures, which may go beyond the legislative

	minimum requirement. The Group devotes the highest level of attention and engage qualified consultants to prepare the Environmental Impact Assessment studies and to attend public hearings, both introduced in Ukraine in 2019.

Statement of Reserves and Resources

In 2023, the company conducted routine rig-less production support activities at the Blazhiv-1, Blazhiv-3 and Blazhiv-Monastyrets-3 and Blazhiv-10 wells to maintain sustainable production using sucker rod pumping systems.

Summary of Reserves1
at 31 December 2023

			Mmboe
Proved, Probable and Possible Reserves at 1 January 2023			**3.94**
Production			0.12
Revisions			0.77
Proved, Probable and Possible Reserves at 31 December 2023			**3.05**[1]

1 The new study was completed end of February 2024 by Brend Vik LTD LLC. The last independent valuation of the Company's oil and gas reserves was carried out by Brend-Vik LTD LLC as at 31 December 2023.

In addition to the tabled reserves, Cadogan has 0.64 million boe of 2C contingent resources associated with the Blazhiv license.

Corporate Responsibility

Under Section 414C of the Companies Act 2006 (the "Act"), the Board is required to disclose information about environmental matters, employees, human rights and community issues, including information about any policies it has in relation to these matters and the effectiveness of these policies.

Being sustainable in our activities means conducting our business with respect for the environment and for the communities hosting us, with the aim of increasing the benefit and value to our stakeholders. We recognize that this is a key element to be competitive and to maintain our license to operate.

The Board recognises that the protection of the health and safety of its employees, the communities, and the environment in which it operates is not just an obligation but is part of the personal ethics and beliefs of management and staff. These are the key drivers for a sustainable development of the Company's activity. Cadogan Petroleum, its management and employees are committed to continuously improve Health, Safety and Environment (HSE) performance; follow our Code of Ethics and apply, in conducting our operations, internationally recognized best practices and standards.

Our activities are carried out in accordance with a policy manual, endorsed by the Board, which has been disseminated to all staff. The manual includes a Working with Integrity policy and policies on business conduct and ethics, anti-bribery, the acceptance of gifts and hospitality and whistleblowing. Such policies are subject to regular review.

In August 2018, Cadogan Ukraine LLC obtained ISO 14001 and ISO 45001 certifications for the following scope: "Supervision, coordination, management support, control in the field of oil and gas onshore exploration and production." This provides formal recognition of the process embedded in the Company and demonstrates the commitment and efforts delivered by our employees and management. It is considered a baseline to continue with the efforts to improve the way we conduct the business.

The Board believes that health and safety procedures, and training across the Group should be in line with best practice in the oil and gas sector. Accordingly, it has set up a committee to review and agree on the health and safety initiatives for the Company and to report back to the Board on the progress of these initiatives. Management regularly reports to the Board on HSE and key safety and environmental issues, which are discussed at the Executive Management level. The report of the Health, Safety and Environment Committee can be found on page 40 to 41.

The General Director of Cadogan Ukraine is the acting Chairman of the HSE Committee and is supported in his role by Cadogan Ukraine's HSE Manager. In accordance with the ISO 14001 and ISO 45001, his role is to ensure that the Group continuously develops suitable procedures, that operational management and their teams incorporate them into daily operations and that the HSE management has the necessary level of autonomy and authority to discharge their duties effectively and efficiently.

Health, safety and environment

2023 remained extremely challenging due to the Russian invasion of Ukraine and the resulting subsequent war. Cadogan applied measures to mitigate the risk personnel injuries and loss of well control. Kiev office personnel have been working in the combined office-remote work regime with precise execution of air alert safety requirements, on-field staff as well as all offices have been equipped with satellite means of communication, established internal emergency committee that coordinated the work and liaising with company management of the daily basis. One employee has been demobilized from army during 2023, two remained serving.

Also, the HSE management daily monitors health status of the personnel in terms of covid-19.

The Group has implemented an integrated HSE management system in accordance with the ISO requirements. The system aims to ensure that a safe and environmentally friendly/protection culture is embedded in the organization with a focus on the local community involvement. The HSE management system ensures that both Ukrainian and international standards are met, with the Ukrainian HSE legislation requirements taken as an absolute minimum. All the Group's local operating companies actively participate in the process. ISO 14001 and ISO 45001 certification were re-validated by the respective authority in August 2023 for a new term.

A proactive approach based on a detailed induction process and near miss reporting has been in place throughout 2023 to prevent incidents. Staff training on HSE matters and discussions on near miss reporting are recognised as the key factors to continuously improve. In-house training is provided to help staff meet international standards and follow best practice. The process enacted by the certification, enhances attention to training on risk assessments, emergency response, incident prevention, reporting and investigation, as well as emergency drills regularly run-on operations' sites and offices. This process is essential to ensure that international best practices and standards are maintained to comply with, or exceed, those required by Ukrainian legislation, and to promote continuous improvement.

The Board monitors the main Key Performance Indicators (lost time incidents, mileage driven, training received, CO2 emissions) as business parameters. The Board has benchmarked safety performance against the HSE performance index measured and published annually by the International Association of Oil and Gas Producers. In 2023, the Group recorded over 149,000 man-hours worked with no incidents and over 1,720,000 hours have been worked since the last injury in February 2016.

During 2023 the Group continued to monitor its greenhouse gas emissions and collect statistical data relating to the consumption of electricity, industrial water and fuel consumption by cars, plants, and other work sites, recording a continuous improvement in the efficient use of resources.

Employees

Wellness and professional development are part of the Company's sustainable development policy and wherever possible, local staff are recruited. The

Group's activity in Ukraine is entirely managed by local staff. Qualified local contractors are engaged to supplement the required expertise when and to the extent it is necessary.

Procedures are in place to ensure that recruitment is undertaken on an open, transparent, and fair basis with no discrimination against applicants. Each operating company has its own Human Resources function to ensure that the Group's employment policies are properly implemented and followed. The Group's Human Resources policy covers key areas such as equal opportunities, wages, overtime and non-discrimination. As required by Ukrainian legislation, Collective Agreements are in place with the Group's Ukrainian subsidiary companies, which outline agreed level of staff benefits and other safeguards for employees.

All staff are aware of the Group's grievance procedures. All employees have access to health insurance provided by the Group to ensure that all employees have access to adequate medical facilities.

Each employee's training needs are assessed on an individual basis to ensure that their skills are adequate to support the Group's operations, and to help them to develop.

Diversity

The Board recognises the benefits and importance of diversity (gender, ethnic, age, sex, disability, educational and professional backgrounds, etc.) and strives to apply diversity values across the business. We endeavour to employ a skilled workforce that reflects the demographic of the jurisdictions in which we operate. The board will review the existing policies and intends to develop a diversity policy.

The Board of Directors acknowledges the significance of diversity in decision-making and the overall success of the company. As such, the company actively collects data on the various dimensions of diversity mentioned, including but not limited to gender, ethnicity, age, and professional backgrounds. This data is gathered through internal surveys, recruitment processes, and employee feedback mechanisms to ensure a diverse and inclusive workplace.

Board diversity

The Board consisted of four male and one female director of three different nationalities and resident in four different jurisdictions.
The Board recognises that gender is only one aspect of diversity, and there are many other attributes and experiences that can improve the Board's ability to act effectively. Our policy is to search for the highest quality people with the most appropriate experience for the requirements of the business, be they men or women.

Gender diversity

The Board of Directors of the Company comprised of five Directors as of 31 December 2023. The appointment of any new Director is made based on merit. See pages 24 and 25 for more information on the composition of the Board.

As at 31 December 2023, the Company comprised a total of 74 persons, as follows:

	Male	Female
Non-executive directors	3	1
Executive directors	1	-
Management, other than Executive directors	6	3
Other employees	43	17
Total	**53**	**21**

Human rights

Cadogan's commitment to the fundamental principles of human rights is embedded in our HSE policies and throughout our business processes. We promote the core principles of human rights pronounced in the UN Universal Declaration of Human Rights and our support for these principles is embedded throughout our Code of Conduct, our employment practices and our relationships with suppliers and partners wherever we do business.

Community

The Group's activities are carried out in rural areas of Ukraine and the Board is aware of its responsibilities to the local communities in which it operates and from which some of the employees are recruited. In our operational sites, management work with the local councils to ensure that the impact of operations is as low as practicable by putting in place measures to mitigate their effect. Projects undertaken include improvement of the road infrastructure in the area, which provides easier access to the operational sites while at the same time minimizing inconvenience for the local population and allowing improved road communications in the local communities, especially during winter season or harsh weather conditions. Specific community activities are undertaken for the direct benefit of local communities. All activities are followed and supervised by managers who are given specific responsibility for such tasks.

The Group's companies in the Ukraine see themselves as part of the community and are involved and offer practical help and support. All these activities are run in accordance with our "Working with Integrity" policy and procedures. The recruitment of local staff generates additional income for areas that otherwise are predominantly dependent on the agricultural sector.

The enactment in 2018 of a new legislation which introduces Environmental Impact Assessment studies and public hearings as part of the license's award/renewal processes was anticipated effectively by the Group. The Group is complying with these requirements, building on the recognized competence of its people and advisors as well as on the good communication and relations established with local communities.

Cadogan is committed to the territory and the communities where it operates and has fully financed social programs commitment for 2023 as per signed Memorandum between the Company, Lviv Regional Administration and local communities in 2019.

Approval

The Strategic Report was approved by the Board of Directors on 07 May 2024 and signed by order of the Board by:

Ben Harber
Company Secretary
07 May 2024

Board of Directors

Fady Khallouf, 63, French

Chief Executive Officer

Fady Khallouf was appointed as Director and CEO on 15 November 2019. He has a 35-year experience in the energy, the environment, the engineering, and the infrastructure sectors. He has previously held the position of CEO and CFO of FUTUREN (Renewable Energy, listed on Euronext Paris) where he achieved the restructuring and the turnaround of the group. Prior to that, he was the CEO of Tecnimont group (Petrochemicals and Oil & Gas), the Vice-President Strategy and Development of EDISON group (Electricity and Gas, E&P), the Head of M&A of EDF group (Energy). Fady Khallouf had beforehand held various management positions at ENGIE (Energy), Suez (Environmental Services), and DUMEZ (Construction and Infrastructures).

Michel Meeùs, 71, Belgian

Non-Independent Non-Executive Interim Chairman

Michel Meeùs was appointed as a Non-executive Director on 23 June 2014. Mr. Meeùs was former Chairman of the Board of Directors of Theolia, an independent international developer and operator of wind energy projects. Since 2007, he has been a director within the Alcogroup SA Company (which gathers the ethanol production units of the Group), as well as within some of its subsidiaries. Before joining Alcogroup, Mr Meeùs carved out a career in the financial sector, at Chase Manhattan Bank in Brussels and London, then at Security Pacific Bank in London, then finally at Electra Kingsway Private Equity in London.

Mr Meeùs is currently Chairman of the Remuneration and Nomination Committees.

Lilia Jolibois, 59, American

Independent Non-Executive Director

Lilia Jolibois was appointed as Director on 15 November 2019. She is currently a member of three Boards: Cadogan Energy Solutions Plc, INSEAD Foundation, and Tremau SA. She is also a Venture and CEO Advisor at Loyal Venture Capital, a global VC fund. Her career spans Merrill Lynch Investment Banking, Sara Lee, and Lafarge in the USA and Europe. At Lafarge Group, Ms. Jolibois served in numerous positions in finance, strategy, business development, CEO and Chair of the Board for Lafarge Cement and Gypsum in Ukraine, and SVP and Chief Marketing-Sales-Supply Chain Officer for Lafarge Aggregates, Asphalt & Paving.

Lilia is currently Chairman of the Company's Audit Committee and a member of the Remuneration and Nomination Committees.

Gilbert Lehmann, 78, French

Senior Independent Non-Executive Director

Gilbert Lehmann was appointed to the Board on 18 November 2011. He was an adviser to the Executive Board of Areva, the French nuclear energy business, having previously been its Deputy Chief Executive Officer responsible for finance. He is also a former Chief Financial Officer and deputy CEO of Framatone, the predecessor to Areva, and was CFO of Sogee, part of the Rothschild Group. Mr Lehmann was also Deputy Chairman and Chairman of the Audit Committee of Eramet, the French minerals and alloy business. He is Deputy Chairman and Audit Committee Chairman of Assystem SA, the French engineering and innovation consultancy. He was Chairman of ST Microelectronics NV, one of the world's largest semiconductor companies, from 2007 to 2009, and stepped down as Vice Chairman in 2011.

Mr Lehmann is currently a member of the Remuneration and Nomination Committees.

Report of the Directors

The Directors in office during the year and to the date of this report are as shown below:

Non-Executive Directors	**Executive Director**
Michel Meeùs (Interim Chairman)	Fady Khallouf
Gilbert Lehmann	
Lilia Jolibois	
Jacques Mahaux (resigned 19 April 2024)	

Directors' re-election

The Board has decided previously that all Directors are subject to annual election by shareholders, in accordance with industry best practice and as such, all Directors will be seeking re-election at the Annual General Meeting to be held on 21 June 2024.

The biographies of the Directors in office at the date of this report are shown on page 23.

Appointment and replacement of Directors

The Company's Articles of Association allow the Board to appoint any individual willing to act as a director either to fill a vacancy or act as an additional Director. The appointee may hold office only until the next annual general meeting of the Company whereupon his or her election will be proposed to the shareholders.

The Company's Articles of Association prescribe that there shall be no fewer than three Directors and no more than fifteen.

Directors' interests in shares

The beneficial interests of the Directors in office at 31 December 2023 and their connected persons in the Ordinary shares of the Company at 31 December 2023 are set out below.

Director	**Number of Shares**
Michel Meeùs	10,200,000
Fady Khallouf	10,875,455
Gilbert Lehmann	-
Lilia Jolibois	-
Jacques Mahaux	-

Conflicts of Interest

The Company has procedures in place for managing conflicts of interest. Should a director become aware that they, or any of their connected parties, have an interest in an existing or proposed transaction with the Company, its subsidiaries or any matters to be discussed at meetings, they are required to formally notify the Board in writing or at the next Board meeting. In accordance with the Companies Act 2006 and the Company's Articles of Association, the Board may authorize any potential or actual conflict of interest that may otherwise involve any of the directors breaching his or her duty to avoid conflicts of interest. All potential and actual conflicts approved by the Board are recorded in register of conflicts, which is reviewed by the Board at each Board meeting.

Directors' indemnities and insurance

The Company's Articles of Association provide that, subject to the provisions of the Companies Act 2006, all Directors of the Company are indemnified by the Company in respect of any liability incurred in connection with their duties, powers or office. Save for such indemnity provisions, there are no qualifying third-party indemnity provisions. In addition, the Company continues to maintain Directors' and Officers' Liability Insurance for all Directors who served during the year.

Powers of Directors

The Directors are responsible for the management of the business and may exercise all powers of the Company subject to UK legislation and the Company's Articles of Association, which includes powers to issue or buy back the Company's shares given by special resolution. The authorities to issue and buy back shares, granted at the 2023 Annual General Meeting, remains unused.

Dividends

The Directors do not recommend payment of a dividend for the year ended 31 December 2023 (2022: nil).

Principal activity and status

The Company is registered as a public limited company (registration number 05718406) in England and Wales. The principal activity and business of the Company is oil and gas exploration, development and production.

Subsequent events

In 2023 Cadogan initiated a new reserves assessment conducted by an independent expert, in accordance with PRMS standards. This assessment was successfully completed at end of February 2024, enhancing the Company's understanding of hydrocarbon reserves and informing strategic decision-making.

Structure of share capital

The authorised share capital of the Company is currently £30,000,000 divided into 1,000,000,000 Ordinary shares of 3 pence each. The number of shares in issue as at 31 December 2023 was 244,128,487 Ordinary shares (each with one vote) with a nominal value of £7,323,854.61. The total number of voting rights in the Company is 244,128,421. The Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 allow companies to hold shares in treasury rather than cancel them. Following the consolidation of the issued capital of the Company on 10 June 2008, there were 66 residual Ordinary shares, which were transferred to treasury. No dividends may be paid on shares whilst held in treasury and no voting rights attached to shares held in treasury.

Rights and obligations of Ordinary shares

In accordance with applicable laws and the Company's Articles of Association, holders of Ordinary shares are entitled to:

- receive shareholder documentation including the notice of any general meeting;
- attend, speak and exercise voting rights at general meetings, either in person or by proxy; and
- a dividend where declared and paid out of profits available for such purposes. On a return of capital on a winding up, holders of Ordinary shares are entitled to participate in such a return.

Exercise of rights of shares in employee share schemes

None of the share awards under the Company's incentive arrangements are held in trust on behalf of the beneficiaries.

Agreements between shareholders

The Board is unaware of any agreements between shareholders, which may restrict the transfer of securities or voting rights.

Restrictions on voting deadlines

The notice of any general meeting of the Company shall specify the deadline for exercising voting rights and appointing a proxy or proxies to vote at a general meeting. To accurately reflect the views of shareholders, where applicable it is the Company's policy at present to take all resolutions at any general meeting on a poll. Following the meeting, the results of the poll are released to the market via a regulatory news service and published on the Company's website.

Substantial shareholdings

As at 31 December 2023 and 19 April 2024, being the last practicable date, the Company had been notified of the following interests in voting rights attached to the Company's shares:

	31 December 2023		19 April 2024	
Major shareholder	**Number of shares held**	**% of total voting rights**	**Number of shares held**	**% of total voting rights**
SPQR Capital Holdings SA	67,298,498	27.57	67,298,498	27.57
Mrs Veronique Salik	51,368,000	21.04	51,368,000	21.04
CA Indosuez Wealth Management	15,966,620	6.54	15,433,651	6.32
Kellet Overseas Inc.	14,002,696	5.74	14,002,696	5.74
Mr Fady Khallouf	10,875,000	4.45	17,454,105	7.15
Mr Michel Meeùs	10,200,000	4.18	10,200,000	4.18
Mr Pierre Salik	8,120,000	3.32	8,120,000	3.32
Cynderella International SA	7,657,886	3.14	7,657,886	3.14

Amendment of the Company's Articles of Association

The Company's Articles of Association may only be amended by way of a special resolution of shareholders.

Disclosure of information to auditor

As required by section 418 of the Companies Act 2006, each of the Directors as at 6 May 2024 confirms that:

(a) so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and

(b) the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance, and position, are set out on pages 14 to 18.

Having considered the Group's financial position and its principal risks and uncertainties, including uncertainties regarding the war in Ukraine. The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Consolidated and Company Financial Statements. For further detail please refer to the detailed discussion of the assumptions outlined in note 3(b) to the Consolidated Financial Statements.

Reporting year

The reporting year coincides with the Company's fiscal year, which is 1 January 2023 to 31 December 2023.

Financial risk management objectives and policies

The Company's financial risk management objectives and policies including its policy for managing its exposure of the Company to price risk, credit risk, liquidity risk and cash flow risk.

Management co-ordinates access to domestic and international financial markets and monitors and manages the financial risks relating to the operations of the Group in Ukraine through internal risks reports, which analyse exposures by degree and magnitude of risks. These risks include commodity price risks, foreign currency risk, credit risk, liquidity risk and cash flow interest rate risk. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Outlook

Future developments in the business of the Company are presented on pages 5 to 10.

Change of control - significant agreements

The Company has no significant agreements containing provisions, which allow a counterparty to alter and amend the terms of the agreement following a change of control of the Company.

Should a change in control occur then certain Executive directors are entitled, within a period of six months following the change of control, to a payment of salary and benefits equal to 24 months' base salary plus benefits plus bonus (if any).

Streamlined energy and carbon reporting

This section contains information on greenhouse gas ("GHG") emissions required by the Companies Act 2006 (Strategic Report and Directors' Report).

Methodology

The principal methodology used to calculate the emissions is drawn from the `Environmental Reporting Guidelines: including mandatory greenhouse gas emissions reporting guidance (June 2013)', issued by the Department for Environment, Food and Rural Affairs ("DEFRA") and DEFRA GHG conversion factors for company reporting were utilised to calculate the CO2 equivalent of emissions from various sources (2018 update). Also, the used methodology was also updated based on methods proposed by DNV GL and in of GHG emissions Inventory referring to the following guidelines and international standards.

The Company has reported on all the emission sources required under the Regulations.

The Company does not have responsibility for any emission sources that are not included in its consolidated statement.

Consolidation approach and organisation boundary

An operational control approach was used to define the Company's organisational boundary and responsibility for GHG emissions. All material emission sources within this boundary have been reported upon, in line with the requirements of the Regulations.

Scope of reported emissions

Emissions data from the sources within Scope 1 and Scope 2 of the Company's operational boundaries is detailed below. This includes direct emissions from assets that fall within the Company's organisational boundaries (Scope 1 emissions), as well as indirect emissions from energy consumption, such as purchased electricity and heating (Scope 2 emissions).

Scope 1 emissions in 2023 has insignificantly increased compared to the previous year (14,933 tons in 2023 vs 14,631 tons in 2022). This was caused by the increase of the annual oil production.

Conversely, Scope 2 emissions decreased in 2023 (111 tons in 2023 vs 124 tons in 2022), as a result of the processes started in 2016 to improve the efficiency of the structure, logistic and facilities. Total emissions in 2023 were 15,044 tons versus the 14,755 tons of 2022.

Intensity ratio

In order to express the GHG emissions in relation to a quantifiable factor associated with the Company's activities, wellhead production of crude oil and natural gas has been chosen as the normalisation factor for calculating the intensity ratio. This will allow comparison of the Company's performance over time, as well as with other companies in the Company's peer group.

The intensity ratio for E&P operations (same reporting perimeter) has insignificantly increased to 126,36tons CO_2e/Kboe in 2023 vs 125,26 tons CO_2e/Kboe in 2022.

Total greenhouse gas emissions data for the year from 1 January to 31 December.

The company conducted a planned repetition of bottomhole oil sampling and analyses during 2023 hydrodynamic surveys of Blazhiv wells to reconcile the associated gas composition data. The repetitive analyses confirmed an increase in methane levels in the gas composition causing an increase in the reported emissions level last year. As previously mentioned in the report, the implementation of the electricity generation project utilising associated gas will lead to a substantial reduction in the CO2 emissions into the atmosphere starting from 2025.

Greenhouse gas emissions source	E&P	
	2023	**2022**
Scope 1		
Direct emissions, including combustion of fuel and operation of facilities (tonnes of CO_2 equivalent)	14,933	14,631
Scope 2		
Indirect emissions from energy consumption, such as electricity and heating purchased for own use (tonnes of CO_2 equivalent)	111	124
Total (Scope 1 & 2)	**15,044**	**14,755**

Normalisation factor			
Barrels of oil equivalent, net		119,057	117,793
Intensity ratio			
Emissions reported above normalised to tonnes of CO_2- per total wellhead production of crude oil, condensates, and natural gas, in thousands of Barrels of Oil Equivalent, net		**126,36**	**125,26**

Energy consumption

The Company started in 2020 to monitor energy consumption in KwH.

	2023 KwH	2022 KwH	% change 2023 - 2022
Ukraine	**557,631**	**575,876**	-3%

Energy consumption in the UK is immaterial.

Task force on climate-related financial disclosures (`TCFD')

Climate change remains one of the Group's principal risks with governance over climate-related transition and physical risks provided at the Board and operational levels. The Board has ultimate accountability for ensuring Cadogan maintains sound climate risk management and internal control systems. The Board is ultimately accountable for Cadogan's strategic response to climate change and the energy transition. Directors are responsible for ensuring they remain sufficiently informed of climate related risks to Cadogan and the broader energy sector. In 2023, the Group has reviewed its administrative and operational process to identify the areas of further improvement in the limitation of its environmental impact. The Group has launched its gas-to-power project on its Blazhiv oil field in Ukraine. The aim of this project is to capture the gas emissions during oil production and use them to generate electricity to be sold on the grid. This project will allow to decrease significantly Cadogan's annual emissions with the intensity ratio emission to drop from 126 to 32 tons of CO2 e/Kboe. The project will be operational in Q1 2025.

TCFD related disclosures

Governance	Describe the Board's oversight of climate-related risks and opportunities. Describe Management's role in assessing and managing climate-related risks and opportunities.	p.14-17
Strategy	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	p.5-10
Risk management	Describe the organisation's processes for identifying and assessing climate-related risks. Describe the organisation's processes for managing climate-related risks. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	p.14-17
Metrics and targets	Disclose the metrics used by the organisation to assess climate-related risks and opportunities, in line with its strategy and risk management process	p.27
	Disclose Scope 1 and Scope 2greenhouse gas (GHG) emissions. Describe the targets used by the organisation to manage climate-related risks, opportunities, and performances against targets.	p.27-28

As a company, we acknowledge the increasing significance of comprehending the effects of climate change on our operating environment and its potential implications for our business.
We view this as a chance to expand upon our existing efforts in this area, enhance the quality of our disclosures, and offer clear transparency, while continuing our TCFD reporting roadmap.
The company is actively considering projects to reduce emissions into the atmosphere. In the short term, the company plans to implement a project for electricity generation.

2024 Annual General Meeting

The 2024 Annual General Meeting ("AGM") of the Company provides an opportunity to communicate with shareholders and the Board welcomes their participation. Board members constantly strive to engage with shareholders on strategy, governance, and a number of other issues.

The Board looks forward to welcoming shareholders to the AGM. The AGM notice will be issued to shareholders well in advance of the meeting with notes to provide an explanation of all resolutions to be put to the AGM.

In addition, shareholder information will be enclosed as usual with the AGM notice to facilitate voting and feedback in the usual way.

The Chairman of the Board and the members of its committees will be available to answer shareholder questions at the AGM. All relevant shareholder information including the annual report for 2023 and any other announcements will be published on our website - www.cadoganenergysolutions.com.

This Report of Directors comprising pages 25 to 31 has been approved by the Board and signed by the order of the Board by:

Ben Harber
Company Secretary
07 May 2024

Corporate Governance Statement

As a Company listed on the standard segment of the London Stock Exchange it is not required to apply a specific corporate governance code and, given its size, has elected not to do so. However, the Board of the Company is committed to the highest standards of corporate governance and believe that the 2018 UK Corporate Governance Code ("the Code") issued by the Financial Reporting Council ("FRC") provides a suitable benchmark for the Company's corporate governance framework.

This Statement outlines how Cadogan Energy Solutions plc ("Cadogan" or the "Company") has applied the relevant principles of the Code and complied with its provisions.

During the year under review, the Company complied with all the provisions of the Code, other than the exceptions noted below or elsewhere in this statement:

- Provision 5 (Workforce Engagement): Given the size of the business, the Board does not consider it appropriate to adopt the suggested methods outlined within the UK Corporate Governance Code 2018 to engage with its employees given the size of the Company. Employee engagement continues to be undertaken by senior management and any issues are escalated to the Board through the Chief Executive Officer. The Board believes that the arrangements in place are effective but will continue to keep this under review.

- Provision 9 (regarding the independence criteria of the Chair on appointment): Under the 2018 Corporate Governance Code, the Company's Chair during the year, Mr Michel Meeùs, was not considered to be independent given the size of his shareholding in the Company. Despite this, the Board considered Mr Meeùs to be independent in character, mindset and judgement.

- Provision 21 (Board Evaluation): Given the size of the Board it was felt that a board evaluation would not provide added value however the Board will continue to assess this provision periodically.

- Provision 24 (Audit Committee Composition): Given the size and composition of the Board, the Audit Committee does not totally consist of independent non-executive directors. Ms Lilia Jolibois, Independent non-executive director, chaired the Audit Committee whilst Mr Jacques Mahaux, non-independent non-executive director, was a member of the Audit Committee during the year.

- Provision 32 (Remuneration Committee Composition): Given the size and composition of the Board, the Remuneration Committee does not totally consist of independent non-executive directors. The Remuneration Committee consisted of Mr Michel Meeùs, Ms. Lilia Jolibois, Mr Jacques Mahaux and Mr Gilbert Lehmann during the year.

Board Leadership and Company Purpose

The Board provides leadership and oversight, and its role is to ensure the long-term success of the Company by implementing the Company's strategy and business plan, overseeing its affairs, and providing constructive challenge to management as they do this. In addition to this, the Board oversees financial matters, governance, internal controls, and risk management.

The purpose of the Board is to:

- monitor Group activities to see that sustainable value is being created;
- evaluate business strategies and monitor their implementation;
- monitor and review the performance of management;
- provide accountability to shareholders through appropriate reporting and regulatory compliance;
- understand and ensure the management of operational business and financial risks to which the Group is exposed; and
- ensure that the financial controls and systems of risk management are robust and defensible.

The Board comprises a Non-Independent non-executive Chairman, Chief Executive Officer, one Independent Non-Executive Director and one Non-Executive Director. The Board has appointed Mr Lehmann as the Senior Independent Director. The Nomination Committee during 2024 will continue to review the size and composition of the Board and its committees with regard to finding a balance of independent non-executive directors.

The biographical details for each of the Directors and their membership of Committees are incorporated into this report by reference and appear on page 24.

The formal schedule of matters reserved for the Board's decision is available on the Company's website.

The Board recognises the importance of building strong relationships with stakeholders and understanding their views in order to help the Company deliver its strategy and promote the development of the business over the long-term. The Board is committed to having effective engagement with its stakeholders. Our section 172 statement can be found on pages 36 to 37 which summarises the Board's engagement with the Company's main stakeholders and some examples of how their views have been taken into account in the Board's decision-making.

The Company seeks to ensure that it always acts lawfully, ethically and with integrity. The company has in place the following policies which the Board reviews periodically:

- Code of Business Conduct and Ethics
- Anti-Bribery Policy
- Share Dealing Code
- Disclosure Policy
- Health, Safety and Environmental policies.

The Company has procedures in place for managing conflicts of interest. Should a director become aware that they, or any of their connected parties, have an interest in an existing or proposed transaction with the Company, its subsidiaries or any matters to be discussed at meetings, they are required to formally notify the Board in writing or at the next Board meeting. In accordance with the Companies Act 2006 and the Company's Articles of Association, the Board may authorize any potential or actual conflict of interest that may otherwise involve any of the directors breaching his or her duty to avoid conflicts of interest. All potential and actual conflicts approved by the Board are recorded in register of conflicts, which is reviewed by the Board at each Board meeting.

Directors' declarations of interests is a regular Board agenda item. A register of directors' interests (including any actual or potential conflicts of interest) is maintained and reviewed regularly to ensure all details are kept up to date. Authorisation is sought prior to a director taking on a new appointment or if any new conflicts or potential conflicts arise. New Directors are required to declare any conflicts, or potential conflicts, of interest to the Board at the first Board meeting after his or her appointment. The Board believes that the procedures established to deal with conflicts of interest are operating effectively.

Division of Responsibilities

The Directors possess a wide range of skills, knowledge and experience relevant to the strategy of the Company, including financial, legal, governance, regulatory and industry experience as well as the ability to provide constructive challenge to the views and actions of executive management in meeting agreed strategic goals and objectives.

The roles and responsibilities of the Chairman and Chief Executive Officer are separate with a clear and formal division of each individual's responsibilities, which has been agreed and documented by the Board.

The Non-Executive Directors bring an independent view to the Board's discussions and the development of its strategy. Their range of experience ensures that management's performance in achieving the business goals is challenged appropriately. Ms Lilia Jolibois is considered by the Board to be fully independent.

Mr Gilbert Lehmann, Senior Independent non-executive Director, has served on the Board for longer than 9 years since his appointment, however, the board is of the view that he retains his independent judgement and continues to make a valuable contribution to the board.

Mr Michel Meeùs, who is a significant shareholder is not considered independent as defined within the UK Corporate Governance Code 2018, however the Board believes that Mr Michel Meeùs is independent in character and judgement and free from relationships or circumstances that could affect his judgement.

The Board has access to the advice of the company secretary.

Composition, Succession and Evaluation

The Company has established a nomination committee which leads the process for Board appointments by identifying and nominating candidates for the approval of the Board to fill Board vacancies and making recommendations to the Board on Board's composition and balance. The Company's Nomination Committee Report can be found on page 42.

Under the Company's Articles of Association, all Directors must seek re-election by members at least once every three years. However, the Board has agreed that all Directors will be subject to annual election by shareholders in line with Corporate Governance best practice. Accordingly, all members of the Board will be standing for re-election at the 2023 Annual General Meeting due to be held on 21 June 2024.

All Directors continue to be effective and have sufficient time available to perform their duties. The letters of appointment for the Non-Executive Directors are available for review at the Registered Office and prior to the Annual General Meeting. Each of the Non-Executive Directors independently ensures that they update their skills and knowledge sufficiently to enable them to fulfil their duties appropriately.

The Chairman, in conjunction with the Company Secretary, plans the programme for the Board during the year. While no formal structured continuing professional development program has been established for the non-executive Directors, every effort is made to ensure that they are fully briefed before Board meetings on the Company's business. The agenda for Board and Committee meetings are considered by the relevant Chairman and issued with supporting papers during the week preceding the meeting. For each Board meeting, the Directors receive a Board pack including management accounts, briefing papers on commercial and operational matters and major capital projects including acquisitions. The Board also receives briefings from key management on specific issues.

Audit, Risk and Internal Control

The Board has delegated certain responsibilities to its committees including its Audit Committee. The Company's Audit Committee Report can be found on pages 37 to 38.

The role of the Audit Committee is to monitor the integrity of the Company's financial reporting, to review the Company's internal control and risk management systems and to oversee the relationship with the Group's external auditors. The Audit Committee focuses particularly on compliance with legal requirements, accounting standards and the rules of the Financial Services Authority. The Audit Committee will meet at least three times a year with further meetings that are determined by the committee. Any member of the committee or the external auditors may request any additional meetings they consider necessary.

The Directors are responsible for the Group's system of internal control and for maintaining and reviewing its effectiveness. The Group's systems and controls are designed to safeguard the Group's assets and to ensure the reliability of information used both within the business and for publication. The Board has delegated responsibility for the monitoring and review of the Group's internal controls to the Audit Committee.

Systems are designed to manage, rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable, and not absolute assurance against material misstatement or loss.

The key features of the Group's internal control and risk management systems that ensure the accuracy and reliability of financial reporting include clearly defined lines of accountability and delegation of authority, policies and procedures that cover financial planning and reporting, preparing consolidated financial statements, capital expenditure, project governance and information security.

The key features of the internal control systems, which operated during 2023 and up to the date of signing the Financial Statements are documented in the Group's Corporate Governance Policy Manual and Finance Manual. These manuals and policies have been circulated and adopted throughout the Group throughout the period.

Day-to-day responsibility for the management and operations of the business has been delegated to the Chief Executive Officer and senior management. Certain specific administrative functions are controlled centrally. Taxation and treasury functions report to the Group Director of Finance who reports directly to the Chief Executive Officer.

The legal function for Ukraine's related assets and activities is managed by the General Counsel, who reports to the General Director of Cadogan Ukraine. The Health, Safety and Environment functions report to the Chairman of the HSE Committee, the HSE Committee Report can be found on pages 39 to 40. The Group does not have an internal audit function. Due to the small scale of the Group's operations at present, the Board does not feel that it is appropriate or economically viable to have an internal audit function in place, however this will be kept under review by the Audit Committee on an annual basis.

The Board has reviewed internal controls and risk management processes, in place from the start of the year to the date of approval of this report. During its review the Board did not identify nor were advised of any failings or weaknesses which it has deemed to be significant.

A summary of the principal risks facing the Company and the mitigating actions in place are contained on pages 14 to 18 of the annual report.

The Company's going concern is contained on page 26 of the annual report.

Further information on the work undertaken by the Committee during the year can be found on pages 38 to 39 of the annual report.

Remuneration

The Board has established a Remuneration Committee and the Company's Remuneration Committee Report can be found on pages 44 to 64 of the annual report.

The role of the Remuneration Committee is to determine and agree with the Board the broad policy for the remuneration of executives and Senior Managers as designated, as well as for setting the specific remuneration packages, including pension rights and any compensation payments of all executive Directors and the Chairman. The Company's remuneration policies and practices are designed to support its long-term strategy and promote the long-term sustainable success of the Company.

Attendance at Meetings

Six Board meetings took place during 2023. The attendance of those Directors in place at the year end at Board and Committee meetings during the year was as follows:

	Board	Audit Committee	Nomination Committee	Remuneration Committee
No. Held	6	2	0 *	1
No. Attended:				
M Meeùs	6	n/a	0	1
F Khallouf	6	n/a	n/a	n/a
L Jolibois	5	2	0	1
G Lehmann	6	n/a	0	1
J Mahaux	6	2	0	1

*There was no meetings of the Nomination Committee held during 2023.

Responsibilities and membership of Board Committees

The Board has agreed written terms of reference for the Nomination Committee, Remuneration Committee, Audit Committee and HSE Committee. The terms of reference for the Board Committees are published on the Company's website, www.cadoganenergysolutions.com, and are also available from the Company Secretary at the Registered Office. A review of the Committees including their membership and activities of all Board Committees is provided on pages 38 to 43.

Relations with shareholders

The Chairman and Executive Directors of the Company have a regular dialogue with analysts and substantial shareholders. The outcome of these discussions is reported to the Board at quarterly meetings and discussed in detail. Mr Lehmann, as the Senior Independent Director, is available to meet with shareholders who have questions that they feel would be inappropriate to raise via the Chairman or Executive Directors.

The Annual General Meeting is used as an opportunity to communicate with all shareholders. In addition, financial results are posted on the Company's website, www.cadoganenergysolutions.com, as soon as they are announced. The Notice of the Annual General Meeting is also contained on the Company's website, www.cadoganenergysolutions.com. It is intended that the Chairmen of the Nomination, Audit and Remuneration Committees will be present at the Annual General Meeting. The results of all resolutions will be published on the Company's website, www.cadoganenergysolutions.com.

Directors' section 172 statement

The disclosure describes how the Directors have regard to the matters set out in section 172(1)(a) to (f) and forms the Directors' statement required under section 414CZA of The Companies Act 2006.
The matters set out in section 172(1) (a) to (f) are that a Director must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

(a) the likely consequences of any decision in the long term;
(b) the interests of the Company's employees;
(c) the need to foster the Company's business relationships with suppliers, customers and others;
(d) the impact of the Company's operations on the community and the environment;
(e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
(f) the need to act fairly between members of the Company.

Being sustainable in our activities means conducting our business with respect for the environment and for the communities hosting us, with the aim of increasing the benefit and value to our stakeholders. We recognize that this is a key element to be competitive and to maintain our licence to operate.
Further details of how the Directors have regard to the issues, factors and stakeholders considered relevant in complying with S 172 (1) (a)-(f), the methods used to engage with stakeholders and the effect on the Group's decision making can be found throughout the annual report and in particular pages 34 (which outlines how the Company engages with its stakeholders), pages 20 to 23 (which contains Cadogan's corporate responsibility statement) pages 28 to 30 (which contains the Company's report on greenhouse gas emissions) and page 35 (which outlines the ways in which the Company engages with its shareholders).

The Group has implemented an integrated HSE management system aiming to ensure a safe and environmentally friendly culture in the organization (pages 20 to 22). However, regarding the environmental sustainability of the Group's activities, the Directors are fully aware of the need to direct future development in new activities with a lower impact on environment (CEO outlook page 9, 28).

When assessing the Proger Loan, the Directors carefully considered the issues and decisions with their impact on the Group and all its stakeholders (pages 8, 9, 16, 17).

The Board has a formal schedule of matters specifically reserved for its decision, including approval of acquisitions and disposals, major capital projects, financial results, Board appointments, dividend recommendations, material contracts and Group strategy. For each Board meeting, the Directors receive a Board pack including management accounts, briefing papers on commercial and operational matters and major capital projects including acquisitions. The Board also receives briefings from key management on specific issues.

In particular, as a consequence of the invasion of Ukraine by Russia in February 2022, and the war situation prevailing in Ukraine the Board discussed the current situation and its consequences on the security of the employees, the organisation of the operations in Ukraine and the potential impacts on its human, financial and operational assets. The Group has been able to implement immediately emergency procedures with safety and protection measures communicated to all employees and put in place for every location. Specific measures have been put in place for the operations on site to ensure the human, the industrial and the environmental safety. The Group is monitoring the situation daily and taking appropriate action to ensure the safety and essential needs of employees.

Board Committee Reports

Audit Committee Report

The Audit Committee is appointed by the Board, on the recommendation of the Nomination Committee, from the Non-Executive Directors of the Group. The Audit Committee's terms of reference are reviewed annually by the Audit Committee and any changes are then referred to the Board for approval. The terms of reference of the Committee are published on the Company's website www.cadoganenergysolutions.com, and are also available from the Company Secretary at the Registered Office. Two members constitute a quorum.

Responsibilities

- To monitor the integrity of the annual and interim financial statements, the accompanying reports to shareholders, and announcements regarding the Group's results;
- To review and monitor the effectiveness and integrity of the Group's financial reporting and internal financial controls;
- To review the effectiveness of the process for identifying, assessing and reporting all significant business risks and the management of those risks by the Group;
- To oversee the Group's relations with the external auditor and to make recommendations to the Board, for approval by shareholders, on the appointment and removal of the external auditor;
- To consider whether an internal audit function is appropriate to enable the Audit Committee to meet its objectives; and
- To review the Group's arrangements by which staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

Governance

Ms Jolibois and Mr Mahaux were both members of the Audit Committee during the period. The Audit Committee is chaired by Ms Jolibois who had relevant financial experience within a major European company as well as holding several non-executive roles in major international entities.

At the invitation of the Audit Committee, the Group Director of Finance and external auditor regularly attend meetings. The Company Secretary attends all meetings of the Audit Committee.

The Audit Committee also meets the external auditor without management being present.

Activities of the Audit Committee

During the year, the Audit Committee discharged its responsibilities as follows:

Assessment of the effectiveness of the external auditor

The Committee has assessed the effectiveness of the external audit process. They did this by:

- Reviewing the 2023 external audit plan;
- Discussing the results of the audit including the auditor's views on material accounting issues and key judgements and estimates, and their audit report;
- Considering the robustness of the audit process;
- Reviewing the quality of the service and people provided to undertake the audit; and
- Considering their independence and objectivity.

Financial statements

The Audit Committee examined the Group's consolidated and Company's financial statements and, prior to recommending them to the Board, considered:

- the appropriateness of the accounting policies adopted;
- reviewed critical judgements, estimates and underlying assumptions; and
- assessed whether the financial statements are fair, balanced and understandable.

Going concern

After making enquiries and considering the uncertainties described on pages 14 to 18, the Committee has a reasonable expectation that the Company and the Group has adequate resources to continue in operational existence for the foreseeable future and consider the going concern basis of accounting to be appropriate. For further detail including the basis for the conclusion, please refer to the detailed discussion of the assumptions outlined in note 3 (b) to the Consolidated Financial Statements.

Internal controls and risk management

The Audit Committee reviews and monitors financial and control issues throughout the Group including the Group's key risks and the approach for dealing with them. Further information on the risks and uncertainties facing the Group are detailed on pages 104 to 106 and in note 28 to the financial statements.

External auditor

The Audit Committee is responsible for recommending to the Board, for approval by the shareholders, the appointment of the external auditor.

The Audit Committee considers the scope and materiality for the audit work, approves the audit fee, and reviews the results of the external auditor's work. Following the conclusion of each year's audit, it considers the effectiveness of the external auditor during the process. An assessment of the effectiveness of the audit process was made, considering reports from the auditor on its internal quality procedures. The Committee reviewed and approved the terms and scope of the audit engagement, the audit plan and the results of the audit with the external auditor, including the scope of services associated with audit-related regulatory reporting services. Additionally, auditor independence and objectivity were assessed, considering the auditor's confirmation that its independence is not impaired, the overall extent of non-audit services provided by the external auditor and the past service of the auditor.

A breakdown of the non-audit fees is disclosed in note 11 to the Consolidated Financial Statements. The Audit Committee has reviewed the nature, level and timing of these services in the course of the year and is confident that the objectivity and independence of the auditor are not impaired by the reason of such non-audit work.

Internal audit

The Audit Committee considers annually the need for an internal audit function and believes that, due to the size of the Group and its current stage of development, an internal audit function will be of little benefit to the Group.

Whistleblowing

The Group's whistleblowing policy encourages employees to report suspected wrongdoing and sets out the procedures employees must follow when raising concerns. The policy, which was implemented during 2008 is reviewed periodically. The Group's policies on anti-bribery, the acceptance of gifts and hospitality, and business conduct and ethics are circulated to staff as part of a combined manual on induction with changes regularly communicated.

Overview

As a result of its work during the year, the Audit Committee has concluded that it has acted in accordance with its terms of reference and has ensured the independence and objectivity of the external auditor.

The Chairman of the Audit Committee will be available at the Annual General Meeting to answer any questions about the work of the Audit Committee.

Lilia Jolibois

Chairman of the Audit Committee

07 May 2024

Health, Safety and Environment Committee Report

The Health, Safety and Environment Committee (the "HSE Committee") is appointed by the Board, on the recommendation of the Nomination Committee. The HSE Committee's terms of reference are reviewed annually by the Committee and any changes are then referred to the Board for approval. The terms of reference of the Committee are published on the Company's website www.cadoganenergysolutions.com, and are also available from the Company Secretary at the Registered Office. Two members constitute a quorum, one of whom must be a Director.

Governance

The Committee is chaired by Mr Andrey Bilyi (Cadogan Ukraine General Director) as acting Head of the HSE Committee and its other member is Ms Snizhana Buryak (HSE Manager). The CEO attends meetings of the HSE Committee as necessary. During 2023, the HSE Committee held four meetings to monitor the HSE risks and activities across the business, following which actions were identified for the continuous improvement of the various processes and the mitigation of risk.

Responsibilities

- To regularly maintain and implement the continuous improvement of the HSE Management System with the aim of improving the Company's performances;
- To manage and mitigate the risks of personnel infection with Covid-19 virus. Work-out respective administrative and healthcare measures to provide safe working conditions for the employees. Prevent the spread of Covid-19 as well as ensuring staff reasonable vaccination level.
- Assessments of the risks to employees, contractors, customers, partners, and any other people who could be affected by the Company's activities with the aim of reducing the global risk of the Company and increasing its level of acceptability;
- Evaluate the effectiveness of the Group's policies and systems for identifying and managing health, safety and environmental risks within the Group's operation;
- Assess the policies and systems within the Group for ensuring compliance with health, safety and environmental regulatory requirements;
- Assess the performance of the Group with regard to the impact of health, safety, environmental and community relations decisions and actions upon employees, communities and other third parties and also assess the impact of such decisions and actions on the reputation of the Group and make recommendations to the Board on areas for improvement;
- On behalf of the Board, receive reports from management concerning any fatalities and serious accidents within the Group and actions taken by management as a result of such fatalities or serious accidents;
- Evaluate and oversee, on behalf of the Board, the quality and integrity of any reporting to external stakeholders concerning health, safety, environmental and community relations issues; and
- Where it deems it appropriate to do so, appoint an independent auditor to review performance with regard to health, safety, environmental and community relations matters and review any strategies and action plans developed by management in response to issues raised and, where appropriate, make recommendations to the Board concerning the same.

Activities of the Health, Safety and Environment Committee

The HSE Committee in discharging its duties reviewed and considered the following:

- Company activities execution and control over contractors services execution in line with company policies and HSE procedures;
- Monthly statistics and reports on the activity were regularly distributed to the CEO, Management and to the members of the committee;
- Ensured that the implementation of new legislation and requirements were punctually followed-up and promptly updated;
- Compliance with HSE regulatory requirements was ensured through discussion of the results of inspections, both internal inspections and those carried out by the Authorities. The results of the inspections and drills were analysed and commented to assess the need for corrective actions and/or training initiatives;
- A standing item was included on the agenda at every meeting to monitor monthly HSE performance, key indicators and statistics allowing the HSE Committee to assess the Company's performance by analysing any lost-time incidents, near misses, HSE training and other indicators;
- Interaction with contractors, Authorities, local communities and other stakeholders were discussed among other HSE activities;
- Compliance to ISO 14001 and ISO 45001 has been proved by the authorized third party auditor. Also, the Company had its entire data calculation process as well as emissions measurement system re-validated by a different independent third party; and
- Ensuring all the Observation and Actions requested by the Certification Body have been implemented.

Overview

The Company's HSE Management System and the Guidelines and Procedures have been updated to fit with the ISO requirements and are adequate for the proper execution of the Company's operations.

As a result of its work during the year, the HSE Committee has concluded that it has acted in accordance with its terms of reference.

Nomination Committee Report

The Board delegates some of its duties to the Nomination Committee and appoints the members of the Nomination Committee which are non-executive Directors of the Group. The membership of the Committee is reviewed from time to time and any changes to its composition are referred to the Board for approval. The terms of reference of the Nomination Committee are published on the Company's website, www.cadoganenergysolutions.com, and are available from the Company Secretary at the Registered Office. Two members constitute a quorum.

Governance

Mr. Michel Meeùs (Remuneration and Nomination Committee Chairman), Ms. Lilia Jolibois, and Mr. Gilbert Lehmann (Non-Executive Directors) are the members of the Nomination Committee. The Company Secretary attends all meetings of the Nomination Committee.

Responsibilities

- To regularly review the structure, size and composition (including the skills, knowledge and experience) required of the Board compared to its current position and make recommendations to the Board with regard to any changes;
- Be responsible for identifying and nominating candidates to fill Board vacancies as and when they arise, for the Board's approval;
- Before appointments are made by the Board, evaluate the balance of skills, knowledge, experience and diversity (gender, ethnic, age, sex, disability, educational and professional backgrounds, etc.) on the Board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment; and
- In identifying suitable candidates, the Nomination Committee shall use open advertising or the services of external advisers to facilitate the search and consider candidates from a wide range of backgrounds on merit, ensuring that appointees have enough time available to devote to the position.

The Nomination Committee shall also make recommendations to the Board concerning:

- Formulating plans for succession for both executive and non-executive Directors and in particular for the key roles of Chairman and Chief Executive Officer;
- Membership of the Audit and Remuneration Committees, in consultation with the Chairmen of those committees;
- The reappointment of any non-executive Director at the conclusion of their specified term of office, having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required; and
- The re-election by shareholders of any Director having due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required.

Any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an executive Director as an employee of the Company subject to the provisions of the law and their service contract.

Michel Meeùs

Nomination Committee Chairman

07 May 2024

Remuneration Committee

Statement from the Chairman

I am pleased to present the Annual Report on Remuneration for the year ended 31 December 2023.

Cadogan's Remuneration Policy was approved as proposed by the shareholders at the Annual General Meeting of 25 June 2021 and is attached at the end of the Annual Report on Remuneration. The Remuneration Committee is not proposing to make any changes to the existing Policy however in line with industry best practice and the three-year Policy cycle the Company will be seeking shareholder approval at this year's AGM.

The key elements of the Remuneration Policy are:

- A better long-term alignment of the executives' remuneration with the interests of the shareholders;
- A material reduction in the maximum remuneration level for the Executive Directors, both in terms of annual bonus and of long-term incentive (performance share plan);
- The payment of at least 50% of the Annual Bonus in shares with the remaining 50% to be paid in cash or shares at the discretion of the Remuneration Committee. Shares will be priced for this award based on their market value at closing on the Business Day prior to the Subscription Date;
- The introduction of *claw-back* and *malus* provisions on both bonuses and share awards; and
- The expectation that the Executive Directors build a substantial shareholding position in the Company through their mandate.

Michel Meeùs

Chairman of the Remuneration Committee

07 May 2024

ANNUAL REPORT ON REMUNERATION 2023

Remuneration Committee Report

The Remuneration Committee is committed to principles of accountability and transparency to ensure that remuneration arrangements demonstrate a clear link between reward and performance.

Governance

The Remuneration Committee is appointed by the Board from the non-executive Directors of the Company. The Remuneration Committee's terms of reference are reviewed annually by the Remuneration Committee and any changes are then referred to the Board for approval. The terms of reference of the Remuneration Committee are published on the Company's website, www.cadoganenergysolutions.com, and are also available from the Company Secretary at the Registered Office.

The Remuneration Committee consists of Mr. Michel Meeùs, Ms. Lilia Jolibois and Mr. Gilbert Lehmann. At the discretion of the Remuneration Committee, the Chief Executive Officer is invited to attend meetings when appropriate but is not present when his own remuneration is being discussed. None of the directors are involved in deciding their own remuneration. The Company Secretary attends the meetings of the Remuneration Committee.

Responsibilities

In summary, the Remuneration Committee's responsibilities, as set out in its terms of reference, are as follows:

- To determine and agree with the Board the policy for the remuneration of the executive Directors, the Company Secretary and other members of executive management as appropriate;
- To consider the design, award levels, performance measures and targets for any annual or long-term incentives and approve any payments made and awards vesting under such schemes;
- Within the terms of the agreed remuneration policy, to determine the total individual remuneration package of each executive Director and other senior executives including bonuses, incentive payments and share options or other share awards; and
- To ensure that contractual terms on termination, and any payments made, are fair to the individual and the Company, that failure is not rewarded

and that the duty to mitigate loss is fully recognised.

Overview

The Chairman and Executive Directors of the Company have a regular dialogue with analysts and substantial shareholders, which includes the subject of Directors' Remuneration. The outcome of these discussions is reported to the Board and discussed in detail both there and during meetings of the Remuneration Committee.

As a result of its work during the year, the Remuneration Committee has concluded that it has acted in accordance with its terms of reference. The chairman of the Remuneration Committee will be available at the Annual General Meeting to answer any questions about the work of the Committee.

Remuneration consultants

The Remuneration Committee did not take any advice from external remuneration consultants.

Single total figure of remuneration for executive and non-executive directors (audited)

	Salary and fees $		Taxable benefit[5] $		Contributions to pension schemes $		Annual bonus $		Total $	
Executive Director	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
F Khallouf	**493,136**	479,720	**27,037**	29,486	**78,258**	75,035	**-**	-	**598,431**	584,241
Non-executive Directors										
M Meeùs	**89,000**	89,000	**-**	-	**-**	-	**-**	-	**89,000**	89,000
L Jolibois	**48,000**	48,000	**-**	-	**-**	-	**-**	-	**48,000**	48,000
J Mahaux	**43,000**	43,000	**-**	-	**-**	-	**-**	-	**43,000**	43,000
G Lehmann	**38,000**	38,000	**-**	-	**-**	-	**-**	-	**38,000**	38,000

	Total Fixed Remuneration $		Total Variable Remuneration $	
	2023	2022	**2023**	2022
Executive Director	**598,431**	584,241	**-**	-
Non-executive Directors	**218,000**	218,000	**-**	-

Notes to the table

Mr Fady Khallouf

Mr Khallouf was appointed as Chief Executive Officer on 15 November 2019. Mr Khallouf's salary is €440,000 per annum.

KPIs

The CEO is subject to a performance-related, bonus scheme built around a scorecard with a set of challenging KPI's aligned with the company strategy. Given the current situation in Ukraine and any potential future difficulties for the Company, Mr Fady Khallouf had requested that any annual performance related bonus to be considered and paid by the Remuneration Committee during 2024, in respect of the financial year ended 31 December 2023, be waived.

Benefits

Benefits may be provided to the executive director, in the form of private medical insurance and life assurance.

The Chairman and Non-Executive Directors

As mentioned above, fees for non-Executive Directors were reduced by 20% on 15 January 2020 with effect from 15 November 2019. The fees are as follows: the Chairman's fee at $89,000 and the fee for acting as a non-executive Director at $38,000 with an additional $10,000 for acting as Chairman of the Audit Committee and an additional $5,000 for a committee membership.

Scheme interests awarded during the financial year (audited)

There were no scheme interests awarded during the year.

Payments to past directors (audited)

In 2023 there were no payments to past directors.

Payments for loss of office (audited)

No notice period was either worked or paid.

Directors' interests in shares (audited)

The beneficial interests of the Directors in office as at 31 December 2023 and their connected persons in the Ordinary shares of the Company at 31 December 2023 are set out below.

Shares as at 31 December	2023	2022
Michel Meeùs	10,200,000	26,000,000
Fady Khallouf	10,875,455	10,425,455
Gilbert Lehmann	-	-
Lilia Jolibois	-	-
Jacques Mahaux	-	-

Mr Khallouf bought 450,000 shares in June 2023. In December 2023 Mr Meeùs decided to terminate a financial agreement with a collateral over 15,800,000 shares.

The Company does not currently operate formal shareholding guidelines. Whilst there is no specified level, the Company expects that under the new Remuneration Policy, the Executive Director will continue to build up a significant shareholding position in the Company during his mandate.

The Company's performance

The graph below highlights the Company's total shareholder return ("TSR") performance for the last fourteen years compared to the FTSE All Share Oil & Gas Producers index. This index has been selected on the basis that it represents a sector specific group, which is an appropriate group for the Company to compare itself against, and has been retained ever since, primarily for continuity purposes TSR is the return from a share or index based on share price movements and notional reinvestment of declared dividends.

Historic Remuneration of Chief Executive

	Salary $	Taxable benefits $	Annual bonus $	Long-term incentives $	Pension $	Loss of office $	Total $
2009	422,533	-	284,552	-	-	-	707,085
2010	547,067	-	-	-	-	-	547,067
2011	669,185	-	-	-	-	-	669,185
2012	511,459	-	-	-	31,966	126,808	670,233
2013	384,941	-	-	-	-	-	384,941
2014	405,433	20,734	-	-	-	-	426,167
2015	432,409[6]	15,987	243,132	-	-	-	691,528
2016	487,080	15,353	210,504[7]	-	-	-	712,937
2017	497,288	27,273	126,992	-	-	-	651,553
2018	521,664	39,838	201,872	-	-	-	763,374
2019	492,581	45,453	495,109[8]	-	-	-	1,033,143
2020	517,389	59,294	-	-	58,300	-	634,983
2021	535,999	30,173	-	-	78,619	-	644,791
2022	479,720	29,486	-	-	75,035	-	584,241
2023	**493,136**	**27,037**	-	-	**78,258**	-	**598,431**

In 2023, the Remuneration Committee, after consultation with the CEO, have decided to postpone any variable performance related bonus for the year ended 31 December 2023.

The annual bonus received by the CEO as a percentage of the maximum opportunity is presented in the following table.

Year	CEO	CEO single figure of total remuneration $	Annual bonus pay-out against maximum opportunity %
2023	Mr. Khallouf	598,431	-
2022	Mr. Khallouf	584,241	-
2021	Mr. Khallouf	644,791	-
2020	Mr. Khallouf	634,983	-
2019	Mr. Khallouf[9]	444,465	-
	Mr. Michelotti	588,678	10
2018	Mr. Michelotti	763,374	32
2017	Mr. Michelotti	651,553	12
2016	Mr. Michelotti	712,937	22[10]
2015	Mr. Michelotti	502,021	27[11]
	Mr. des Pallieres	189,507	-
2014	Mr. des Pallieres	426,167	-
2013	Mr. des Pallieres	384,941	-
2012	Mr. des Pallieres	389,935	-
	Mr. Barron	280,298[12]	-
2011	Mr. des Pallieres[13]	273,201	-
	Mr. Barron	395,984	-
2010	Mr. Barron	547,067	-
2009	Mr. Barron[14]	707,085	67

Percentage change in the remuneration of the Chief Executive

The following table shows the percentage change in the remuneration of the Chief Executive in 2023 and 2022 compared to that of all employees within the Group.

		2023 $'000	2022 $'000	Average change, %
Base salary	CEO	493	480	3%
	All employees[15]	1,805	1,897	-5%

Taxable benefits	CEO	105	104	1%
	All employees	119	125	-5%
Annual Bonus	CEO	-	-	-
	All employees	-	-	-
Total	CEO	598	584	2%
	All employees	1,924	2,022	-5%

In 2023 none of the directors participated in long-term incentive schemes.

In 2023 there was no increase in executive and non-executive directors' salary in base currency. The difference in pay represents the change in exchange rate between the base currency and USD as a reporting currency.

Percentage change in Non-Executive director remuneration

	Michel Meeùs			All employees
	2023 $'000	2022 $'000	% change 2023 - 2022	**% change 2023 - 2022**
Base salary/fees	89,000	89,000	-	-5%
Taxable benefits (including pensions)	-	-	-	-5%
Annual bonus	-	-	-	0%
Total	89,000	89,000	-	-4.8%

	Lilia Jolibois			All employees
	2023 $'000	2022 $'000	% change 2023 - 2022	**% change 2023 - 2022**
Base salary/fees	48,000	48,000	-	-5%
Taxable benefits (including pensions)	-	-	-	-5%
Annual bonus	-	-	-	0%
Total	48,000	48,000	-	-4.8%

	Jacques Mahaux			All employees
	2023 $'000	2022 $'000	% change 2023 - 2022	**% change 2023 - 2022**
Base salary/fees	43,000	43,000	-	-5%
Taxable benefits (including pensions)	-	-	-	-5%
Annual bonus	-	-	-	0%
Total	43,000	43,000	-	-4.8%

	Gilbert Lehmann			All employees
	2023 $'000	2022 $'000	% change 2023 - 2022	**% change 2023 - 2022**
Base salary/fees	38,000	38,000	-	-5%
Taxable benefits (including pensions)	-	-	-	-5%
Annual bonus	-	-	-	0%
Total	38,000	38,000	-	-4.8%

Relative importance of spend on pay

The table below compares shareholder distributions (i.e. dividends and share buybacks) and total employee pay expenditure of the Group for the financial years ended 31 December 2022 and 31 December 2023.

	2023 $'000	**2022 $'000**	Year-on-year change, %
All-employee remuneration	1,924	2,022	-5%
Distributions to shareholders	-	-	-

Shareholder voting at the Annual General Meeting

The Directors' Remuneration Policy was approved by shareholders at the Annual General Meeting held on 25 June 2021 and remains unchanged. The Remuneration Policy can be found on the Group's website and at pages 50 to 63 of this Annual Report on Remuneration. The votes cast by proxy were as follows:

Directors' Remuneration Policy	**Number of votes**	**% of votes cast**
For	100,135,172	82.19
Against	21,693,116	17.81
Total votes cast	**121,828,288**	**100.00**
Number of votes withheld	0	

The Directors' Annual Report on Remuneration is approved by shareholders at each Annual General Meeting. A summary of the votes cast by proxy in 2023 and 2022 were as follows:

		2023		2022
Director's Annual Report on Remuneration	**Number of votes**	**% of votes cast**	**Number of votes**	**% of votes cast**
For	105,995,725	99.97	83,255,878	91.89
Against	26,984	0.03	7,348,465	8.11
Total votes cast	**106,022,709**		**90,604,343**	**100.00**
Number of votes withheld	0		5,234	

Implementation of Remuneration Policy in 2023

The performance related elements of remuneration remain unchanged and will be built around a scorecard with a set of KPI's aligned with the Group strategy. The Remuneration Policy can be found on the Group's website and at pages 50 to 63 of this Annual Report on Remuneration.

Approval

The Directors' Annual Report on Remuneration was approved by the Board on 07 May 2024 and signed on its behalf by:

Michel Meeùs
Chairman
07 May 2024

Director's Remuneration Policy

- **Introduction**

This Directors' Remuneration Policy (the "Policy") contains the information required to be set out as the directors' remuneration policy for the purposes of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

The Policy was approved by shareholders at the 2021 AGM of the Company. The Remuneration Committee is not proposing to make any changes to the existing Policy however in line with industry best practice and the three-year Policy cycle the Company will be seeking shareholder approval at this year's AGM. The effective date of this Policy is the date on which the Policy is approved by shareholders.

The Policy applies in respect of all executive officers appointed to the Board of Directors ("executive directors") and non-executive directors. Other senior executives may be subject to the Policy, including in relation to annual bonus and shares incentive arrangements in particular if and to the extent that the Remuneration Committee determines it is appropriate.

The Remuneration Committee will keep the Policy under review to ensure that it continues to promote the long-term success of the Company by giving the Company its best opportunity of delivering on the business strategy. It is the Remuneration Committee's intention that the Policy be put to shareholders for approval every three years unless there is a need for the Policy to be approved at an earlier date.

The Company aims to provide sufficient flexibility in the Policy for unanticipated changes in compensation practices and business conditions to ensure the Remuneration Committee has appropriate discretion to retain its top executives who perform. The Remuneration Committee reserves the right to approve any payments that may be outside the terms of this Policy, where the terms of that payment were agreed before the Policy came into effect, or before the individual became a director of the Company.

Maximum caps are provided to comply with the required legislation and should not be taken to indicate an intent to make payments at that level. The maximum caps are valid at the time that the relevant employment agreement or appointment letter is entered into and the caps may be adjusted to take into account fluctuations in exchange rates.

- **Remuneration policy table: executive directors**

Component	Purpose and link to strategy	Maximum opportunity	Operation and performance measures
Salary and Fees	To provide fixed remuneration at an appropriate level, to attract and retain directors as part of the overall compensation package.	The maximum annual base combined salary and fees for executive directors is €440,000[16]. The Remuneration Committee will consider the factors set out under the "Operation" column when determining the appropriate level of base salary within the formal Policy maximum.	Salary is paid on a monthly basis. The Remuneration Committee takes into account a number of factors when setting salaries including: ▪ scope and difficulty of the role; ▪ skills and experience of the individual; ▪ salary levels for similar roles within the international industry; and ▪ pay and conditions elsewhere in the Group. Salaries are reviewed on an annual basis, but are not necessarily increased at each review. No performance measures.
Annual Bonus	To incentivise and reward the achievement of individual and business objectives which are key to the delivery of the Company's business strategy.	The maximum award is 125% of combined base salary and fees.	The payment of any bonus is at the discretion of the Board with reference to the performance year. ▪ The Remuneration Committee sets, in advance, a scorecard with a set of Key Performance Indicators ("KPIs") aligned with the Company's strategy. The measures and the relative weightings are substantiated by the Remuneration Committee and aim to be stretching and to support the Company's business

Component	Purpose and link to strategy	Maximum opportunity	Operation and performance measures
			strategy. Measures are related to Company financial performance, operational performance and the Company's health and safety record. In general, relative weightings of each KPI are expected not to exceed 50% and not to be less than 10%. ▪ The Remuneration Committee retains the flexibility to determine and, if it considers appropriate, change the KPIs and weightings of the KPIs based on the outcome of its annual review. The Remuneration Committee may also adjust KPIs during the year to take account of material events, such as (without limitation) material corporate events, changes in responsibilities of an individual and/ or currency exchange rates. Any such changes will be within the overall target and maximum payouts approved in the policy. ▪ The KPI targets and specific weightings in the scorecard are defined annually early in the year, once the budget has been approved. A summary of the KPI targets, weightings for the KPIs and how far the KPIs are met will be included retrospectively each year in the Implementation Report for the year. ▪ All bonuses that may become payable are subject to malus and clawback provisions in the event of material financial misstatement of the Company or fraud or material misconduct on the part of the executive, as explained further below. ▪ 50% of the bonuses that may become payable must be applied to subscribe for or acquire shares in the Company (after the deduction of any income tax and/ or employee social security contributions payable). The Company is proposing to adopt and operate a Deferred Bonus Plan as a framework plan for the delivery of shares to executives, which may be satisfied by the issue of new shares or transfer of existing or treasury shares. ▪ The Remuneration Committee will determine whether the remainder of the bonus shall be paid in cash or must be applied to subscribe for or acquire shares (after the deduction of any income tax and/ or employee social security contributions payable). In making its determination as to how the remainder of the bonus shall be paid, the Remuneration Committee may take into account: profitability of the Company; the executive's shareholding as measured against any Company shareholding guidelines; potential liabilities of the recipients to income tax and social security contributions, among other things. Additional shares representing the value of dividends payable on the deferred shares may be paid. ▪ The Remuneration Committee may impose holding periods of up to three years on any of the shares delivered pursuant to the annual bonus plan. ▪ There are no prescribed minimum levels of performance in the annual bonus structure and so it is possible that no bonus award would be made.
Share Incentive Arrangements	To incentivise, retain and reward eligible employees and align	Awards can be made under the PSP with a value of up to a	The Company has adopted and operates the 2018 Performance Share Plan ("PSP") to replace the 2008 Performance Share

Component	Purpose and link to strategy	Maximum opportunity	Operation and performance measures
	their interests with those of the shareholders of the Company.	maximum of 200% of base salary and fees or 300% in exceptional circumstances.	Plan. The PSP offers the opportunity to earn shares in the Company subject to the achievement of stretching but realistic performance conditions. Performance conditions will be a main feature of the PSP. The PSP will be administered by the Remuneration Committee. ▪ Awards can be made under the PSP at the direction of the Remuneration Committee within the policy maximum in the form of contingent share awards. ▪ PSP awards will have a minimum vesting period of 3 years and, for directors, the PSP awards have a further holding period of 2 years following the end of the vesting period (subject to any number of shares that may need to be sold to meet any income tax and employee social security contributions due on vesting). ▪ The Remuneration Committee will develop clear KPIs that aim to align directors with Company strategy over time periods in excess of one financial year. Any performance measures and targets used for share incentive awards during 2019 will be relevant and stretching in line with the overall strategy of the Company. ▪ The Remuneration Committee may adjust or change the PSP measures, targets and weightings for new awards under the PSP to ensure continued alignment with Company strategy. ▪ PSP awards are subject to malus and clawback in the event of material financial misstatement of the Company or fraud or material misconduct on the part of the executive. ▪ Upon vesting of an award, the award holder must pay the nominal value in respect of each share that vests. ▪ PSP Awards will normally lapse where the award holder ceases employment with the Company before vesting. PSP Awards will not lapse and will vest immediately if the award holder is considered to be a Good Leaver (leaves due to death or disability) subject to the Remuneration Committee being satisfied that performance conditions have been satisfied or are likely to be satisfied as at the end of the relevant performance period. In other circumstances, the Remuneration Committee may determine that awards will not lapse and will continue to vest at their normal vesting date, subject to pro-ration to reflect the period of service during the performance period and performance conditions. The Remuneration Committee has residuary discretions to disapply pro ration and bring forward the date of vesting. ▪ In the event of a change of control of the Company, if the acquiring company agrees, awards will be exchanged for equivalent awards over shares in the acquiring company and continue to vest according to the original vesting schedule. If the acquiring company does not agree to exchange the awards, the awards will vest at the Committee's absolute discretion. Awards that vest will be subject to time pro-ration and performance conditions. ▪ Benefits under the PSP will not be pensionable.

- The PSP Plan Limits are set out at Note 2.4 below.

Component	Purpose and link to strategy	Maximum opportunity	Operation and performance measures
Pension	To provide a retirement benefit that will foster loyalty and retain experienced executive directors.	Any pension benefits will be set at an appropriate level in line with market practice, and in no event will the contributions paid by the Company exceed 15% of combined base salary and fees.	No performance measures.
Benefits	To provide a market competitive level of benefits to executive directors.	Any benefits will be set at an appropriate level in line with market practice, and in no event will the value of the benefits exceed 15% of combined base salary and fees.	▪ The executive directors are entitled to private medical insurance and life assurance cover (of four times the combined salary and fee) and directors' and officers' liability insurance. ▪ The Remuneration Committee may decide to provide other benefits commensurate with the market. Such benefits may include (for instance) company car or allowance, physical examinations and medical support, professional advice, assistance with filling out tax returns and occasional minor benefits. A tax equalisation payment may be paid to an executive director if any part of the remuneration of the executive director becomes subject to double taxation. Tax gross ups may be paid, where appropriate. The Company does not, at present, provide other taxable benefits to the executive directors. ▪ Executive directors are reimbursed for reasonable business expenses incurred in the course of carrying out their duties. ▪ No performance measures.

Notes to the executive directors' remuneration policy table

The Remuneration Committee's philosophy is that remuneration arrangements should be appropriately positioned to support the Group's business strategy over the longer term and the creation of value for shareholders. In this context the following key principles are considered to be important:

- remuneration arrangements should align executive and employee interests with those of shareholders;
- remuneration arrangements should help retain key executives and employees; and
- remuneration arrangements should incentivise executives to achieve short, medium and long-term business targets which represent value creation for shareholders. Targets should relate to the Group's performance in terms of overall revenue and profit and the executive's own performance. Exceptional rewards should only be delivered if there are exceptional returns.

The Remuneration Committee reserves the right to make any remuneration payments (including satisfying awards of variable remuneration) and payments for loss of office notwithstanding that they are not in line with the Policy set out above, where the terms of that payment were agreed before the Policy came into effect, or before the individual became a director of the Company (provided the payment was not in consideration for the individual becoming a director).

- Performance measures and targets

  (a) Annual Bonus

  The performance measures for executive directors comprise of financial measures and business goals linked to the Company's strategy, which could include financial and non-financial measures. The business goals are tailored to reflect each executive director's role and responsibilities during the year. The performance measures are chosen to enable the Remuneration Committee to review the Company's and the individual's performance against the Company's business strategy and appropriately incentivise and reward the executive directors.

  Annual bonus targets are set by the Remuneration Committee each year. They are stretching but realistic targets which reflect the most important areas of strategic focus for the Company. The factors taken into consideration when setting targets include the Company's Key Performance Indicators (which are determined annually by the Remuneration Committee), and the extent to which they are under the control or influence of the executive whose remuneration is being determined.

  Performance is measured over the financial year against the measures and targets set according to the scorecard. The Remuneration Committee retains the right to exercise its judgement to adjust the bonus outcome for an individual to ensure the outcome reflects any other aspects of the Company's performance that become relevant during the financial year.

  The Remuneration Committee used Company operational and financial performances and safety as performance measures for the 2020 scorecard. For years following 2020, the structure of the annual bonus scorecard will be reviewed by the Remuneration Committee.

2023 Annual bonus scorecard measures for executive director

40% weighting	50% weighting
Operational performance, such as	Company financial performance, including cash

40% weighting	**50% weighting**
production, sales, geographical diversification, and starting new projects.	targets and profit targets.
10% weighting	
Indicators of health and safety to promote the effective risk management of the Company.	

(b) Share Plans

The Remuneration Committee will make the vesting of a Plan award conditional upon the satisfaction of stretching but realistic performance conditions. These conditions are meant to achieve a long-term alignment of the executives' remuneration with the interest of the shareholders.

EBITDA growth, increase of P1 reserves (in millions boe), and changes to the free cash-flow are the key KPIs to be used by the Remuneration Committee and will be measured over time periods of three financial years. The performance measures are chosen to align the performance of participants with the attainment of financial performance targets over the vesting period of the award. The targets are set by the Remuneration Committee by reference to the Company's strategy and business plan and the results achieved at the time of the vest are determined by the Remuneration Committee.

Under the PSP plan rules, the Board may vary a performance target where it considers that any performance target to which an award is subject is no longer a true or fair measure of the participant's performance, provided that the Board must act fairly and reasonably and that the new performance target is materially no more difficult and no less difficult to satisfy than the original performance target.

- Malus and clawback (applicable to bonuese and share awards)

The Remuneration Committee has the discretion to reduce the bonus before payment or require the executive director to pay back shares or a cash amount in the event of material financial misstatement of the Company or fraud or material misconduct on the part of the executive. The amount that may be clawed back on any such event is limited to the value of the bonus, taking into account the cash paid and the shares delivered to the executive, taking the value of the shares at the time of the clawback, less any income tax or employee social security contributions paid on the bonuses.

- Share ownership guidelines for executives

The Remuneration Committee is planning to implement share ownership guidelines for executive directors to further align the interests of the executive directors with those of shareholders. The share ownership guidelines will include an expectation that executive directors build up their shareholding to 200% of base salary over a period of five years from the later of: the date of adoption of this policy and the date of appointment.

Once the shareholding guideline is reached, executive directors would be expected to maintain it. The intention would be for the shareholding guideline to be reached through the retention of vested shares from share plans (e.g. the deferred share element of the annual bonus and shares vested under the PSP). As such, the Remuneration Committee's discretion may be used to increase the proportion of an annual bonus to be delivered in shares to assist the executive director in meeting this guideline. The deferred share mechanism in the annual bonus and the design of the PSP will assist executive directors in reaching the guidelines. Executive directors will not be expected to top up their shareholding with personal acquisitions of Company shares outside the usual share plans described in the Policy. The Remuneration Committee will monitor the executive directors' shareholdings and may adjust the guideline in special individual and Company circumstances, for example in the case of a share price fall.

- PSP Plan Limits

The PSP may operate over new issue shares, treasury shares or shares purchased in the market. In any ten-calendar year period, the Company may not issue (or grant rights to issue) more than:

(a) 10% of the issued ordinary share capital of the Company under the Plan and any other employee share plan adopted by the Company; and

(b) 5% of the issued ordinary share capital of the Company under the Plan and any other executive share plan adopted by the Company.

Treasury shares will count as new issue shares for the purposes of these limits unless institutional investors decide that they need not count. These limits do not include rights to shares which have been renounced, released, lapsed or otherwise become incapable of vesting, awards that the Remuneration Committee determines after grant to be satisfied by the transfer of existing shares and shares allocated to satisfy bonuses (including pursuant to the Deferred Bonus Plan).

- Remuneration throughout the Group

Differences in the Company's pay policy for executive directors from that applying to employees within the Group generally reflect the appropriate market rate for the individual executive roles.

- **Remuneration policy table: non-executive directors**

Component	Purpose and link to strategy	Maximum opportunity	Operation and performance measures
Fees	To provide an appropriate reward to attract and retain high-calibre individuals with the relevant skills, knowledge	▪ The maximum annual fees paid to non-executive directors is £50,000 for a non-executive director role, and £100,000 for the role of Chairman. An additional £10,000 will be paid to the individual acting as Chairman of the Audit	Non-executive directors receive a standard annual fee, which is paid on a quarterly basis in arrears. Additional fees may also be paid to recognise the additional work performed by members of any committees set up by the Board, and for the role of chair of

Component	Purpose and link to strategy	Maximum opportunity	Operation and performance measures
	and experience to progress the Company strategy.	Committee.	a committee. Fees are reviewed on an annual basis, but are not necessarily increased at each review. Fees are set at a rate that takes into account: ▪ market practice for comparative roles; ▪ the financial results of the Company; ▪ the time commitment and duties involved; and ▪ the requirement to attract and retain the quality of individuals required by the Company. The remuneration of the non-executive directors is a matter for the Board to consider and decide upon. There are no performance measures related to non-executive directors' fees.

Notes to the Policy Table

The payment policy for non-executive directors is to pay a rate which will secure persons of a suitable calibre. The remuneration of the non-executive directors is determined by the Board. External benchmarking data and specialist advisers are used when setting fees, which will be reviewed at appropriate intervals. The maximum caps are valid at the time that the relevant appointment letter is entered into and the caps may be adjusted to take into account fluctuations in exchange rates.

Expenses reasonably and wholly incurred in the performance of the role of non-executive director of the Company may be reimbursed or paid for directly by the Company, as appropriate, and may include any tax due on the expense.

The non-executive directors' fees are non-pensionable. The non-executive directors have not to date been eligible to participate in any incentive plans (such as bonuses or share plans); however, the Board considers that it may be appropriate in the future to enable such participation, subject to suitably stretching performance thresholds.

Non-executive directors may receive professional advice in respect of their duties with the Company which will be paid for by the Company. They will be covered by the Company's insurance policy for directors.

- **Recruitment**

The Company's policy on the recruitment of directors is to pay a fair remuneration package for the role being undertaken and the experience of the individual being recruited. The Remuneration Committee will consider all relevant factors, which include the abilities of the individual, their existing remuneration package, market practice, and the existing arrangements for the Company's current directors.

The Remuneration Committee will determine that any arrangements offered are in the best interests of the Company and shareholders and will endeavour to pay no more than is necessary.

The Remuneration Committee intends that the components of remuneration set out in the policy tables, and the approach to the components as set out in the policy tables, will be equally applicable to new recruits, i.e. salary, annual bonus, share plan awards, pension and benefits for executive directors, and fees for non-executive directors. However, the Company acknowledges that additional flexibility may be required to ensure the Company is in the best position to recruit the best candidate for any vacant roles and, as such, a buy-out arrangement may be required.

- **Flexibility**

The salary and compensation package designed for a new recruit may be higher or lower than that applying for existing directors. The Remuneration Committee may decide to appoint a new executive director to the Board at a lower than typical salary, such that larger and more frequent salary increases may then be awarded over a period of time to reflect the individual's growth in experience within the role.

Remuneration will normally not exceed those set out in the policy table above. However, to ensure that the Company can sufficiently compete with its competitors, the Remuneration Committee considers it important that the recruitment policy has sufficient flexibility in order to attract and appropriately remunerate the high-performing individuals that the Company requires to achieve its strategy. As such, the Remuneration Committee reserves discretion to provide a buy-out arrangement and benefits (such as a sign-on bonus and additional share awards) in addition to those set out in the policy table (or mentioned in this section) where the Remuneration Committee considers it reasonable and necessary to do so in order to secure an external appointment (see below for more detail in relation to buy-out arrangements).

- **Buy-out arrangements**

The Remuneration Committee retains the discretion to enter into buy-out arrangements to compensate new hires for incentive awards forfeited in joining the Company. The Remuneration Committee will use its discretion in awarding and setting any such compensation, which will be decided on a case-by-case basis and likely on an estimated like-for-like basis. In deciding the appropriate type and quantum of compensation to replace existing awards, the Remuneration Committee will take into account all relevant factors, including the type of award being forfeited, the likelihood of any performance measures attached to the forfeited award being met, and the proportion of the vesting period remaining. The Remuneration Committee will appropriately discount the compensation payable to take account of any uncertainties over the likely vesting of the forfeited award to ensure that the Company does not, in the view of the Remuneration Committee, pay in excess of what is reasonable or necessary.

Compensation for awards forfeited may take the form of a bonus payment or a share award. For the avoidance of doubt, the maximum amounts of compensation contained in the policy table will not apply to such buy-out arrangements. The Company has not placed a maximum value on the compensation that can be paid under this section, as it does not believe it would be in shareholders' interests to set any expectations for prospective candidates regarding such awards.

- **Payments for loss of office**

Any compensation payable in the event that the employment of an executive director is terminated will be determined in accordance the terms of the employment contract between the Company and the executive, as well as the relevant rules of any share plan and this Policy, and in accordance with the prevailing best practice.

The Remuneration Committee will consider a variety of factors when considering leaving arrangements for an executive director and exercising any discretions it has in this regard, including (but not limited to) individual and business performance during office, the reason for leaving, and any other relevant circumstances (for example, ill health).

In addition to any payment that the Remuneration Committee may decide to make, the Remuneration Committee reserves discretion as it considers appropriate to:

(a) pay an annual bonus for the year of departure;

(b) continue providing any benefits for a period of time; and

(c) provide outplacement services.

Non-executive directors are subject to one month notice periods prior to termination of service and are not entitled to any compensation on termination save for accrued fees as at the date of termination and reimbursement of any expenses properly incurred prior to that date.

- **Share plan awards**

The treatment of any share award on termination will be governed by the PSP rules.

Under the PSP, outstanding share awards held by an individual who ceases to be a director or employee of the Company will lapse, unless the cessation is due to death, illness, injury or disability, redundancy, retirement, the Company ceasing to be a member of the Group or the transfer of an undertaking or part of an undertaking to a person who is not a member of the Group, or the Board exercises its discretion otherwise.

Under the PSP, the Board has discretion to decide the period of time for which the award will continue, and whether any unvested award shall be treated as vesting on the date of cessation of employment or in accordance with the original vesting schedule, in both cases have regard to the extent to which the performance targets have been satisfied prior to the date of cessation.

For executive directors, the vesting period will be set by the Remuneration Committee with a minimum three-year period. The Remuneration Committee will (unless the vesting period is set as a period equal to or longer than five years) impose a holding period on shares (or awards) so that the executive is not able to sell the shares that the executive director acquires through the PSP until the fifth anniversary of the date of the award. The holding period will not apply to the number of shares equivalent in value to the amount required by the Company or the executive director to fund any income tax and employee social security contributions due on the vesting of the awards or otherwise in connection with the awards.

- **Executive director employment agreements**

This section contains the key employment terms and conditions of the executive directors that could impact on their remuneration or loss of office payments.

The Company's policy on employment agreements is that executive directors' agreements should be terminable by either the Company or the director on not more than six months' notice. The employment agreements contain provision for early termination, among other things, in the event of a breach by the executive but make no provision for any termination benefits except in the event of a change of control of the Company, where the executive becomes entitled to a lump sum equal to 24 months' base salary plus benefits plus (if any), bonus received on termination by the Company. The employment agreements contain restrictive covenants for a period of 12 months following termination of the agreement. Details of employment agreements in place as at the date of this report are set out below:

Director	Current agreement start date	Notice period
F Khallouf	15 November 2019	Six months

Directors' employment agreements are available for inspection at the Company's registered office in London.

- **Non-executive directors' letters of appointment**

This section contains the key terms of the appointments of non-executive directors that could impact on their remuneration.

Typically, the non-executive directors are appointed by letter of appointment for an initial term of three years which may be extended. All non-executive directors are subject to annual re-election by the Company's shareholders and their appointments may be terminated earlier with one month's prior written notice (or with immediate effect, in the case of specific serious circumstances such as fraud or dishonesty). On termination of appointment, non-executive directors are usually only entitled to accrued fees as at the date of termination together with reimbursement of any expenses properly incurred prior to that date and the company has no obligation to pay further compensation when the appointment terminates. Non-executive directors' letters of appointment are available for inspection at the Company's registered office in London.

Non-executive Director	Current agreement start date	Term
Michel Meeùs	23 June 2023	Two years
Lilia Jolibois	24 June 2022	Two years
Gilbert Lehmann	23 June 2023	Two years

- **Illustration of the Remuneration Policy**

The bar charts below show the levels of remuneration that the CEO could earn over the coming year under the Policy.

CEO: minimum and maximum remuneration

The bar chart shows future possible maximum remuneration.

Pension entitlements were provided in 2023.

- **Consideration of shareholder views**

The Chairman and executive directors of the Company have a regular dialogue with analysts and substantial shareholders, which includes the subject of directors' remuneration. The outcome of these discussions is reported to the Board and discussed in detail both there and during meetings of the Remuneration Committee.

The Remuneration Committee will take into account the results of the shareholder vote on remuneration matters when making future remuneration decisions. The Remuneration Committee remains mindful of shareholder views when evaluating and setting ongoing remuneration strategy.

- **Consideration of employment conditions within the Group**

When determining remuneration levels for its executive directors, the Board considers the pay and employment conditions of employees across the Group. The Remuneration Committee will be mindful of average salary increases awarded across the Group when reviewing the remuneration packages of the executive directors.

- **Minor changes**

The Remuneration Committee may make, without the need for shareholder approval, minor amendments to the Policy for regulatory, exchange control, tax or administrative purposes or to take account of changes in legislation.

Michel Meeùs
Chairman
07 May 2024

Statement of Directors' Responsibilities in respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with UK-adopted International Accounting Standards. In preparing the Company and Group's financial statements, IAS Regulation requires that Directors:

- properly select and apply accounting policies;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- state whether applicable UK-adopted International Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's and Group's financial position and financial performance; and
- make an assessment of the Company's and Group's ability to continue as a going concern, prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Report of the Directors, Annual Report on Remuneration, Directors' Remuneration Policy and Corporate Governance Statement that comply with that law and those regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information and statements included on the Company's website, www.cadoganenergysolutions.com. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Responsibility Statement of the Directors in respect of the Annual Report

We confirm to the best of our knowledge:

(1) the financial statements, prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation as a whole; and

(2) the Annual Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and

(3) the annual report and the financial statements, taken as a whole, are fair, balanced and understandable, and provide the information necessary for the shareholders to assess the Group's position, performance, business model and strategy.

On behalf of the Board
Michel Meeùs
Chairman
07 May 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CADOGAN ENERGY SOLUTIONS PLC

Qualified Opinion

We have audited the financial statements of Cadogan Energy Solutions Plc (the `Parent Company') and its subsidiaries (the Group) for the year ended 31 December 2023 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, the Company Balance Sheet, the Company Cash Flow Statement, the Company Statement of Changes in Equity, the Notes to the Consolidated Financial Statements and the Notes to the Company Financial Statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and, as regards the Parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, except for the effect of the matter described in the Basis for qualified opinion paragraph below:

- the financial statements give a true and fair view of the state of the Group's and of the Parent company's affairs as at 31 December 2023 and of the group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

In February 2019, the Group advanced a Euro 13,385,000 loan to Proger Managers & Partners Srl ("PMP"), a privately owned Italian company whose only asset is a 72.92% interest in Proger Ingegneria Srl ("Proger Ingegneria"), a privately owned company which itself held a 67.91% participating interest in Proger S.P.A ("Proger") at the date of the loan was advanced.

The loan carries an entitlement to interest at a rate of 5.5% per year, payable at maturity (which is 24 months after the execution date of February 2019 and assuming that the call option described below was not exercised). The principal of the loan is secured by a pledge over PMP's current participating interest in Proger Ingegneria Srl, up to a maximum guaranteed amount of Euro 13,385,000.

Through the Agreement, the Group was granted a call option to acquire, at its sole discretion, a 33% participating interest in Proger Ingegneria; the exercise of the option would have given Cadogan, through Cadogan Petroleum Holdings BV, an indirect 25% interest in Proger. The call option was granted at no additional cost and could be exercised at any time between the 6th and 24th months following the execution date of the loan agreement.
The call option was not exercised within the relevant timeframe (February 2021) and consequently in accordance with the loan agreement the principal amount and any accrued interest became repayable in full. At that date the Group reclassified the asset from a financial asset held at fair value through profit and loss to a financial asset held at amortised cost.
In March 2021, PMP requested arbitration to have the loan agreement recognised as an equity investment contract. In July 2022, the Arbitra Camera in Rome decided to reject the main claim of PMP to recognise the loan as an equity investment.
In November 2023, the Group initiated a second arbitration to assert its right to restitution and obtain PMP's condemnation of the consequent payment.
As part of our risk assessment we considered the recoverability of the loan note instrument to be a key audit matter, and in respect of this matter we:

- made enquiries of management and the Audit Committee regarding the structure of the transaction and the latest status of legal proceedings;
- obtained and reviewed the original loan documents including the call option agreement;
- obtained loan workings papers and reviewed the accounting entries;
- met with management to obtain an understanding of their assessment of the recoverable amount of the loan and why management believes no impairment of the carrying value of the loan note is required;
- discussed with management their understanding of the process of assessing recoverability of the loan note;
- requested and received information from Cadogan legal advisors on the current legal status and legal proceedings;
- based on available information to us we critically assessed the ability of the counterparty to repay the amounts due; and
- reviewed the disclosures in relation to financial instruments including the accounting policy, critical judgments and estimates and financial instrument disclosures.

Based on the procedures performed above we were unable to obtain sufficient, appropriate audit evidence regarding the recoverability of the loan note, and accordingly we were also unable to obtain sufficient appropriate audit evidence to enable us to conclude whether the carrying value of the loan note is materially accurate.
In 2022, we were not able to obtain sufficient, appropriate audit evidence as to whether the carrying value of the loan note was materially recoverable as at 31 December 2022 and as a result the audit opinion for the year ended 31 December 2022 was also qualified in respect of this issue. Consequently, we were unable to determine what impact this may have on the profit of the Group for the year ended 31 December 2023.
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion. Our audit opinion is consistent with the additional report to the audit committee.

Our approach to the audit

We tailored the scope of our audit to ensure we performed sufficient work to be able to express an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, 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.
The significant majority of the Group's operations are located in the Ukraine and account for 100% of the Group's revenue. We instructed a component audit team in the Ukraine to perform a full scope audit of the Ukrainian sub-group. In our assessment the group comprises four significant components together with the Ukrainian sub-group. The audit of the Ukrainian sub-group was performed by Crowe Erfolg in the Ukraine under the supervision and direction of the Group audit engagement team, as described in more detail below. The remaining significant components of the Group namely Cadogan Energy Solutions Plc (the Parent Company), Cadogan Petroleum Holdings Limited and Cadogan Petroleum Holdings B.V. were audited by the Group audit engagement team.

Our involvement with the component auditors

As part of our supervision and direction of the component audit team, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained in respect of the Ukraine sub-group as a basis for our opinion on the Group financial statements as a whole. Our involvement with the component auditors included the following:

- We issued detailed Group reporting instructions to the component auditor, which included the significant areas to be covered by the audit (including areas that were considered to be key audit matters as detailed below) and set out the information required to be reported to the Group audit team.
- Due to the travel restrictions resulting from the ongoing war in the Ukraine, the Group audit engagement partner and senior members of the Group audit engagement team were unable to visit the Ukraine to meet with component management and the component audit team during the audit. Accordingly, we performed a remote review of the component audit files in the Ukraine using appropriate technologies and held regular calls and videoconferences with component management and component audit team during the audit.
- The Group audit team performed reviews of relevant working papers and undertook additional procedures where necessary in respect of the significant risk areas that represented Key Audit Matters for the group.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
In addition to the matter described in the basis for qualified opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	How our scope addressed this matter
Valuation of development and production assets Refer to page 85 (Accounting policy) and 97 (note 17 Property, plant and equipment). As at 31 December 2023 the Group held development and production assets with a carrying value of \$5.6m (2022: \$6.4m). Management has performed an impairment review of development and production assets and concluded that no impairment is required. The assessment of the recoverable value of the development and production assets required judgments and estimates by management	· We critically assessed management's impairment assessment which was based on the value in use model (ViU). · We challenged the key judgements and estimates made by management, including forecast oil prices and the production output levels. · We critically assessed management's assumptions in estimating the discount rate used. · We compared the forecast production included in the model to the most recent reserves geological and economic evaluation report produced by the management's external expert.

regarding the inputs applied in the models including future oil and gas prices, production and reserves, operating and development costs and discount rates. The carrying value of the Group's development and production assets were therefore considered to be a key audit matter.	· We held calls with the management's external expert to discuss the reserves report and assessed their independence and competence. · We held discussions with operational management to evaluate the basis production forecasts associated with wells, considered the historical impact of such activities and evaluated the extent to which appropriate costs were included in the forecasts. · We performed sensitivity analysis on the impairment model to establish the impact of possible changes of the key assumptions. · We reviewed the adequacy of the disclosures in the financial statements. Based on our work performed we consider there is no material difference between the carrying value of these assets and their recoverable amounts.

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures, both individually and in aggregate on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as follows:

	The Group	The Parent Company
Overall group materiality	$570,000 (2022: $725,000)	$350,000 (2022: $400,000)
Basis of determining materiality	1.5% of total assets (2022: 2% of total assets)	1.5% of total assets restricted to $350,000 (2022: 2% of total assets restricted to $400,000)
Rationale for the benchmark applied	When determining materiality, we determine an appropriate percentage of our chosen benchmark, with the choice of an appropriate benchmark as our starting point. We determined that an asset based measure of materiality is appropriate as the Group and the Company holds significant cash and loan balances and its principal activity is the exploration and development of oil and gas assets. As a result we concluded that the asset base is a key financial metric for users of financial statements.	
Performance materiality	$285,000 (2022: $362,500)	$175,000 (2022: $200,000)
Basis for performance materiality	We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 50% of overall materiality, amounting to £285,000 for the Group financial statements and $175,000 for the Company financial statements. When considering the level at which to set performance materiality, we considered a number of factors, including the risk assessment and aggregation risk, the effectiveness of controls and our knowledge of the business.	

We agreed with the Board and Audit Committee that we would report to them misstatements identified during the audit greater than 5% of overall materiality. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Conclusions relating to going concern

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

Our evaluation of the directors' assessment of the Group's and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Review of management's going concern assessment paper and the cash flow forecast prepared by management and approved by the Board.
- We critically assessed the going concern paper and the forecast taking into account key assumptions and various scenarios prepared by management and the impact they would have on the Group's ability to continue operating on going concern basis.
- We performed sensitivity assessments over the key assumptions in the forecast including the impact of severe but plausible scenario and severe but unlikely downside scenario, and extending these beyond the 12 months from the date of approval these financial statements to assess the Group's ability to continue as a going concern.
- As part of our sensitivity assessment of these forecast and scenarios we critically assessed the level of headroom available and the assumptions including, including mitigating actions available to management, potential geopolitical impacts, oil production, oil prices, operating expenditure and capital expenditure.
- We compared production forecasts to historical trends and considered the oil price assumptions against consensus market prices and historical discount levels between Brent oil prices and the local market. We compared forecast costs with historical expenditure.
- We reviewed the adequacy of the disclosures in the financial statements in respect of going concern against the requirements of UK-adopted international accounting standards.

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's and Parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Emphasis of Matter

We draw attention to Note 3 (b) on page 80 to the financial statements which describes the uncertainty related to the outcome of the ongoing war in Ukraine. The Group have included various scenarios that take into account the ongoing war in its cash flow projections. However, due to the unpredictable outcome, length, scale and extent of the conflict its impact on the Group and the Company cannot be predicted with any certainty. Our opinion is not modified in respect of this matter.

Other information

The other information comprises all of the information in the Annual Report, other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information, which includes reporting based on the Task Force on Climate-related Financial Disclosures (`TCFD') recommendations. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the basis for qualified opinion section of our report, our audit opinion is qualified because we were unable to obtain sufficient appropriate audit evidence in respect of certain loan receivables. We have concluded that where the other information refers to these receivables or to related balances or classes of transactions it may also be materially misstated for the same reason.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Except for the possible effect of the matter described in the basis for the qualified opinion section of our report, in our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

Except for the possible effect of the matter described in the basis for the qualified opinion section of our report, in the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

In respect solely of the limitation on our work relating to certain loan receivables, described above:

- we have not received all the information and explanations we require for our audit; and
- we were unable to determine whether adequate accounting records have been kept by the Parent Company

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

- returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- a corporate governance statement has not been prepared by the Parent Company.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 64, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the Parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 our responsibilities is available on the FRC's website at https://wwww.frc.org.uk/auditors/auditor-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor's-responsibilities-for

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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Based on our understanding of the Group and its operations, we identified the principal risks of non-compliance with laws and regulations related to the UK and Ukrainian tax legislation, employment and health and safety regulations, licensing regulations 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 financial statements such as the Companies Act 2006 and Listing Rules.

- We obtained an understanding of how the Group and the Parent Company complies with these requirements by discussions with management and those charged with governance;
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- We communicated with external legal advisers representing the Group and held calls with management to enquire about known non-compliance with laws and regulations;
- We performed a review of external press releases;
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We challenged assumptions and judgements made by management in relation to the estimates made in respect of development and production assets.
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, and unusual users.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Other matters which we are required to address

We were appointed by the Board of Directors on 17 February 2023 to audit the financial statements for the period ended 31 December 2022. Our total uninterrupted period of engagement is two years, covering the period ended 31 December 2022 and 31 December 2023.
The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting our audit.
Our audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

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

Matthew Banton (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP, Statutory Auditor
9 Appold Street
London
EC2A 2AP
07 May 2024

Consolidated Income Statement
For the year ended 31 December 2023

	Notes	2023 $'000	2022 $'000
CONTINUING OPERATIONS			
Revenues	6	7,550	8,472
Cost of sales	7	(5,391)	(5,553)
Gross profit		**2,159**	**2,919**
Administrative expenses	8	(3,574)	(3,441)
Adjustments of end of concession obligations for E&E assets	16	218	(269)
Reversal of impairment of other assets	9	56	20
Impairment of other assets	9	(49)	(27)
Other operating income/(expenses), net	10	25	(3)
Net foreign exchange gain/(losses)		538	(1,131)
Operating loss		**(627)**	**(1,932)**
Finance income, net	13	1,885	372
Profit/(Loss) before tax		**1,258**	**(1,560)**
Taxation	14	-	-
Profit/(Loss) for the year		**1,258**	**(1,560)**
Attributable to:			
Owners of the Company		1,259	(1,562)
Non-controlling interest		(1)	2
		1,258	**(1,560)**
Earnings/(Loss) per Ordinary share		**Cents**	**Cents**
Basic and diluted	15	**0.5**	**(0.6)**

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2023

	2023 $'000	2022 $'000
Profit/(Loss) for the year	**1,258**	**(1,560)**
Other comprehensive loss		
Items that may be reclassified subsequently to profit or loss:		
Unrealised currency translation differences	(321)	(3,287)
Other comprehensive loss	(321)	(3,287)
Total comprehensive profit/ (loss) for the year	**937**	**(4,847)**
Attributable to:		
Owners of the Company	938	(4,849)
Non-controlling interest	(1)	2
	937	**(4,847)**

Consolidated Balance Sheet
As at 31 December 2023

	Notes	2023 $'000	2022 $'000
ASSETS			
Non-current assets			
Intangible exploration and evaluation assets	16	-	-
Property, plant and equipment	17	5,768	6,633
Right-of-use assets	23	246	108
Deferred tax asset	22	370	319
		6,384	**7,060**
Current assets			
Inventories	19	364	295

Trade and other receivables	20	310	318
Loan receivable at amortised cost	28	17,074	15,825
Cash	21	14,155	13,934
		31,903	**30,372**
Total assets		**38,287**	**37,432**
LIABILITIES			
Non-current liabilities			
Long-term lease liability	23	(148)	(28)
Provisions	25	(114)	(261)
		(262)	(289)
Current liabilities			
Trade and other payables	24	(1,366)	(1,401)
Short-term lease liability	23	(87)	(79)
Current provisions	25	(131)	(136)
		(1,584)	(1,616)
Total liabilities		**(1,846)**	**(1,905)**
NET ASSETS		**36,441**	**35,527**
EQUITY			
Share capital	26	13,832	13,832
Share premium		514	514
Retained earnings		185,803	184,331
Cumulative translation reserves		(165,297)	(164,976)
Other reserves	27	1,589	1,589
Equity attributable to owners of the Company		**36,441**	**35,290**
Non-controlling interest		-	237
TOTAL EQUITY		**36,441**	**35,527**

The consolidated financial statements of Cadogan Energy Solutions plc, registered in England and Wales no. 05718406, were approved by the Board of Directors and authorised for issue on 07 May 2024. They were signed on its behalf by:

Fady Khallouf
Chief Executive Officer
07 May 2024

The notes on pages 79 to 108 form an integral part of these financial statements.

Consolidated Cash Flow Statement
For the year ended 31 December 2023

	Note	2023 $'000	2022 $'000
Operating loss		**(627)**	**(1,932)**
Adjustments for:			
Depreciation and depletion of property, plant and equipment, and right-of-use assets	17,23	821	764
Changes in provision of oil and gas assets	16	(218)	269
Loss on disposal of property, plant and equipment	17	19	-
Impairment/(Reversal of impairment) of inventories	9	44	(20)
Impairment of receivables	9	3	16
Reversal of impairment/(impairment) of VAT recoverable	9,20	(54)	11
Effect of foreign exchange rate changes		(538)	1,131
Operating cash outflow/(inflow) before movements in working capital		**(550)**	**239**
Increase in inventories		(131)	(155)
Increase in receivables		(127)	(946)
Decrease/(increase) in payables		238	(197)
Cash used by operations		**(570)**	**(1,059)**
Interest received		-	185
Net cash outflow from operating activities		**(570)**	**(874)**
Investing activities			
Purchases of property, plant and equipment		(58)	(93)
Purchases of intangible exploration and evaluation assets		-	-
Interest received		796	97
Net cash generated in investing activities		**738**	**4**
Net increase/(decrease) in cash		**168**	**(870)**
Effect of foreign exchange rate changes		53	(207)
Cash at beginning of year		13,934	15,011
Cash at end of year		**14,155**	**13,934**

Consolidated Statement of Changes in Equity
For the year ended 31 December 2023

	Share capital $'000	Share premium account $'000	Retained earnings $'000	Cumulative translation reserves $'000	Other reserves $'000	Equity attributable to owners of the Company	Non-controlling interest $'000	Total $'000
As at 1 January 2022	**13,832**	**514**	**185,893**	**(161,689)**	**1,589**	**40,139**	**235**	**40,374**
Net loss for the year	-	-	(1,562)	-	-	(1,562)	2	(1,560)
Other comprehensive profit/loss	-	-	-	(3,287)	-	(3,287)	-	(3,287)
Total comprehensive profit/loss for the year	**-**	**-**	**(1,562)**	**(3,287)**	**-**	**(4,849)**	**2**	**(4,847)**
As at 1 January 2023	**13,832**	**514**	**184,331**	**(164,976)**	**1,589**	**35,290**	**237**	**35,527**
Net income for the year	-	-	1,259	-	-	1,259	(1)	1,258
Other comprehensive profit/loss	-	-	-	(321)	-	(321)	-	(321)
Total comprehensive profit/ (loss) for the year	**-**	**-**	**1,259**	**(321)**	**-**	**938**	**(1)**	**937**
Acquisition of non-controlling interests	-	-	213	-	-	213	(236)	(23)
As at 31 December 2023	**13,832**	**514**	**185,803**	**(165,297)**	**1,589**	**36,441**	**-**	**36,441**

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

1. General information

Cadogan Energy Solutions plc (the "Company", together with its subsidiaries the "Group"), is registered in England and Wales under the Companies Act 2006. The address of the registered office is 6th Floor, 60 Gracechurch Street, London EC3V 0HR.

The Group principal activity has been up to now oil and gas exploration, development and production; the Group also conducts gas trading and provides services to other E&P operators. The strategy of the Group is to expand its activities along the energy value chain, beyond current activities to new forms of energy with a reduced impact on the environment.

The Company's shares have a standard listing on the Official List of the UK Listing Authority and are traded on the Main Market of the London Stock Exchange.

2. Adoption of new and revised Standards

New IFRS accounting standards, amendments and interpretations effective from 1 January 2023

The disclosed policies have been applied consistently by the Group for both the current and previous financial year with the exception of the new standards adopted.

The IFRS financial information has been drawn up on the basis of accounting policies consistent with those applied in the financial statements for the year to 31 December 2022, except for the following:

(a) IFRS 17 Insurance Contracts;

(b) Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information;

(c) Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies;

(d) Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates;

(e) Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction; and

(f) Amendments to IAS 12 Income taxes: International Tax Reform - Pillar Two Model Rules (effective immediately- disclosures are required for annual periods beginning on or after 1 January 2023).

The application of the above standards has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

New IFRS accounting standards, amendments and interpretations not yet effective

Below is a list of new and revised IFRSs that are not yet mandatorily effective (but allow early application) for the year ended 31 December 2023 and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the future reporting periods and on foreseeable future transactions.

IFRS accounting standards	**Effective periods beginning on or after**
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants	01 January 2024
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback	01 January 2024
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements	01 January 2024
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	01 January 2025

3. Significant accounting policies

(a) Basis of accounting

The financial statements have been prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006, applicable to companies reporting under IFRS.

The financial statements have been prepared on the historical cost convention basis.

The principal accounting policies adopted are set out below:

(b) Going concern

The Group's cash balance at 31 December 2023 was $14.2million (2022: $13.9 million). The Directors consider that the funds available at the date of the issue of these financial statements are sufficient for the Group to manage its business risks and planned investments successfully and meet its ongoing liabilities as they full due for at least twelve months from the date of signing of these financial statements.

The Directors' have carried out a robust assessment of the principal risks facing the Group.

The Group's forecasts and projections, taking into account reasonably possible changes in trading activities, operational performance, flow rates for commercial production and the price of hydrocarbons sold to Ukrainian customers, show that there are reasonable expectations that the Group will be able to operate on funds currently held and those generated internally, for the foreseeable future.

Notwithstanding the Group's current financial performance and position, the Board are cognisant of the actual risks related to the war situation in Ukraine. The Board has considered possible reverse stress case scenarios for the impact on the Group's operations, financial position and forecasts. Whilst the potential future impacts of the invasion of Ukraine by Russia are unknown, the Board has considered operational disruption that may be caused by the factors such as a) restrictions applied by governments, illness amongst our workforce and disruption to supply chain and sales channels; b) market volatility in respect of commodity prices associated in addition to military and geopolitical factors.

In addition to sensitivities that reflect future expectations regarding country, commodity price and currency risks that the Group may encounter reverse stress tests have been run to reflect possible negative effects of the war in Ukraine. The Group's forecasts demonstrate that owing to its cash resources the Group is able to meet its operating cash flow requirements and commitments whilst maintaining significant liquidity for a period of at least the next 12 months from the date of signing of these financial statements allowing for sustained reductions in commodity prices and extended and severe disruption to operations should such a scenario occur.

After making enquiries and considering the uncertainties described above, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and consider the going concern basis of accounting to be appropriate and, thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. IFRS 10 defines control to be investor control over an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to control those returns through its power over the investee. The results of subsidiaries disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

3. Significant accounting policies (continued)

(c) Basis of consolidation (continued)

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may be initially measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value.

Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

(d) Investments in joint ventures

Financial statements of equity-accounted entities are prepared for the same reporting year as the Group. The Group assesses investments in equity-accounted entities for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. In doing so, the Group applies the criteria of IFRS 6 `Exploration for and evaluation of mineral resources' as the joint venture holds exploration phase assets. If any such indication of impairment exists, the carrying amount of the investment is compared with its recoverable amount, being the higher of its fair value less costs of disposal and value in use. If the carrying amount exceeds the recoverable amount, the investment is written down to its recoverable amount.

The Group ceases to use the equity method of accounting from the date on which it no longer has joint control over the joint venture or significant influence over the associate, or when the interest becomes classified as an asset held for sale.

(e) Revenue recognition

Revenue from contracts with customers is recognized when or as the Group satisfies a performance obligation by transferring a promised good or service to a customer. A good or service is transferred when the customer obtains control of that good or service. Revenue is measured based on measurement principles of IFRS 15 and represents amounts receivable for hydrocarbon products and services provided in the normal course of business, net of value added tax (`VAT') and other sales-related taxes, excluding royalties on production. Royalties on production are recorded within cost of sales.

The crude oil produced by the upstream operations is sold to external customers. Revenue from the sale of crude oil is recognised at the point in time when control of the product is transferred to the customer, which is typically when goods are despatched, and title has passed. The Group despatches oil at the production point (EXW incoterms) therefore the Group has no transportation and shipping costs associated with the transfer of the product to the customer.

The Group's sales of crude oil are priced based on the consideration specified in contracts with customers based on a conducted tender result on the opened tender platform. Invoices are typically paid at the day of product despatch.

3. Significant accounting policies (continued)

E&P and Trading business segments

The transfer of control of hydrocarbons usually coincides with title passing to the customer and the customer taking physical possession as the product passes a physical point such as a designated point in the pipeline for the sale of gas or loading point in the case of oil. The Group principally satisfies its performance obligations at a point in time.

To the extent that revenue arises from test production during an evaluation programme, an amount is credited to evaluation costs and charged to cost of sales, to reflect a zero-net margin.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(f) Foreign currencies

The functional currency of the Group's Ukrainian operations is Ukrainian Hryvnia. The functional currency of the Group's UK subsidiaries and the parent company is US Dollar. The Group's presentational currency is US Dollar accordingly.

In preparing the financial statements of the individual companies, transactions in currencies other than the functional currency of each Group company (`foreign currencies') are recorded in the functional currency at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated into the functional currency at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign exchange differences on cash are recognized in operating profit or loss in the period in which they arise.

Exchange differences are recognized in the profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur. This forms part of the net investment in a foreign operation, which is recognized in the foreign currency translation reserve and in profit or loss on disposal of the net investment.

For the purpose of presenting consolidated financial statements, the results and financial position of each entity of the Group, where the functional currency is not the US dollar, are translated into US dollars as follows:

i. assets and liabilities of the Group's foreign operations are translated at the closing rate on the balance sheet date;

ii. income and expenses are translated at the average exchange rates for the period, where it approximates to actual rates. In other cases, if exchange rates fluctuate significantly during that period, the exchange rates at the date of the transactions are used; and

iii. all resulting exchange differences arising, if any, are recognised in other comprehensive income and accumulated equity (attributed to non-controlling interests as appropriate), transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

The relevant exchange rates used were as follows:

	Year ended 31 December 2023			Year ended 31 December 2022		
	GBP/USD	EURO/USD	USD/UAH	GBP/USD	EURO/USD	USD/UAH
Closing rate	1.2732	1.1038	38.3480	1.2104	1.0708	37.0663
Average rate	1.2440	1.0817	37.0867	1.2372	1.0539	32.4569

3. Significant accounting policies (continued)

(g) Taxation

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

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

Deferred tax 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. This is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized 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 the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, 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 reduced to the extent that it is no longer 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 income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

In case of the uncertainty of the tax treatment, the Group assess, whether it is probable or not, that the tax treatment will be accepted, and to determine the value, the Group use the most likely amount or the expected value in determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

(h) Other property, plant and equipment

Property, plant and equipment (`PP&E') are carried at cost less accumulated depreciation and any recognized impairment loss. Depreciation and amortisation is charged so as to write-off the cost or valuation of assets, other than land, over their estimated useful lives, using the straight-line method, on the following bases:

Other PP&E	10% to 30%

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

(i) Right-of-use assets

The Group leases various offices, equipment, wells, and land. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Assets arising from a lease are initially measured on a present value basis.

Right-of-use assets are measured at cost comprising the following:
· the amount of the initial measurement of lease liability,
· any lease payments made at or before the commencement date less any lease incentives received,
· any initial direct costs, and
· costs to restore the asset to the conditions required by lease agreements.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

(j) Intangible exploration and evaluation assets

The Group applies the modified full cost method of accounting for intangible exploration and evaluation (`E&E') expenditure, which complies with requirements set out in IFRS 6 *Exploration for and Evaluation of Mineral Resources*. Under the modified full cost method of accounting, expenditure made on exploring for and evaluating oil and gas properties is accumulated and initially capitalized as an intangible asset, by reference to appropriate cost centres being the appropriate oil or gas property. E&E assets are then assessed for impairment on a geographical cost pool basis, which are assessed at the level of individual licences.

E&E assets comprise costs of (i) E&E activities which are in progress at the balance sheet date, but where the existence of commercial reserves has yet to be determined (ii) E&E expenditure which, whilst representing part of the E&E activities associated with adding to the commercial reserves of an established cost pool, did not result in the discovery of commercial reserves.

Costs incurred prior to having obtained the legal rights to explore an area are expensed directly to the income statement as incurred.

Exploration and Evaluation costs

E&E expenditure is initially capitalised as an E&E asset. Payments to acquire the legal right to explore, costs of technical services and studies, seismic acquisition, exploratory drilling, and testing are also capitalised as intangible E&E assets.

Tangible assets used in E&E activities (such as the Group's vehicles, drilling rigs, seismic equipment and other property, plant and equipment) are normally classified as PP&E. However, to the extent that such assets are consumed in developing an intangible E&E asset, the amount reflecting that consumption is recorded as part of the cost of the intangible asset. Such intangible costs include directly attributable overheads, including the depreciation of PP&E items utilised in E&E activities, together with the cost of other materials consumed during the exploration and evaluation phases.

E&E assets are not amortised prior to the conclusion of appraisal activities.

Treatment of E&E assets at conclusion of appraisal activities

Intangible E&E assets related to each exploration property are carried forward, until the existence (or otherwise) of commercial reserves has been determined. If commercial reserves have been discovered, the related E&E assets are assessed for impairment on individual assets basis as set out below and any impairment loss is recognized in the income statement. Upon approval of a development programme, the carrying value, after any impairment loss, of the relevant E&E assets is reclassified to the development and production assets within PP&E.

Intangible E&E assets which relate to E&E activities that are determined not to have resulted in the discovery of commercial reserves remain capitalised as intangible E&E assets at cost less accumulated amortization, subject to meeting a pool-wide impairment test in accordance with the accounting policy for impairment of E&E assets set out below.

Impairment of E&E assets

E&E assets are assessed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount. Such indicators include, but are not limited to those situations outlined in paragraph 20 of IFRS 6 *Exploration for and Evaluation of Mineral Resources* such as, a) license expiry during year or in the near future and will not likely to be renewed; b) expenditure on E&E activity neither budgeted nor planned; c) commercial quantities of mineral resources have been discovered; and d) sufficient data exist to indicate that carrying amount of E&E asset is unlikely to be recovered in full from successful development or sale.

Where there are indications of impairment, the E&E assets concerned are tested for impairment. Where the E&E assets concerned fall within the scope of an established full cost pool, which are not larger than an operating segment, they are tested for impairment together with all development and production assets associated with that cost pool, as a single cash generating unit.

The aggregate carrying value of the relevant assets is compared against the expected recoverable amount of the pool, generally by reference to the present value of the future net cash flows expected to be derived from production of commercial reserves from that pool. Where the assets fall into an area that does not have an established pool or if there are no producing assets to cover the unsuccessful exploration and evaluation costs, those assets would fail the impairment test and be written off to the income statement in full.

Impairment losses are recognized in the income statement and are separately disclosed.

(k) Development and production assets

Development and production assets are accumulated on a field-by-field basis and represent the cost of developing the commercial Reserves discovered and bringing them into production, together with E&E expenditures incurred in finding commercial Reserves transferred from intangible E&E assets.

The cost of development and production assets comprises the cost of acquisitions and purchases of such assets, directly attributable overheads, finance costs capitalised, and the cost of recognising provisions for future restoration and decommissioning.

Depreciation of producing assets

Depreciation is calculated on the net book values of producing assets on a field-by-field basis using the unit of production method. The unit of production method refers to the ratio of production in the reporting year as a proportion of the Proved and Probable Reserves of the relevant field based on assessments of internal geologists utilising the most recent Competent Person Report and subsequent drilling and exploration, taking into account future development expenditures necessary to bring those Reserves into production.

Producing assets are generally grouped with other assets that are dedicated to serving the same Reserves for depreciation purposes, but are depreciated separately from producing assets that serve other Reserves.

(l) Impairment of development and production assets and other property, plant and equipment

At each balance sheet date, the Group reviews the carrying amounts of its PP&E to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. In determining fair value less cost to sell, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. Such cash flows include relevant development expenditure that a market participant would reasonably be expected to undertake.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately.

(m) Inventories

Oil and gas stock and spare parts are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is allocated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

(n) Financial instruments

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

Loan classified at amortised cost

Loan is measured at the amount recognised at initial recognition minus principal repayments, plus or minus the cumulative amortisation of any difference between that initial amount and the maturity amount, and any loss allowance. Interest income is calculated using the effective interest method and is recognised in profit and loss. Changes in fair value are recognised in profit and loss when the asset is derecognised or reclassified. In accordance with IFRS 9, the loan is measured at amortised cost. The Group applies the simplified approach to providing for expected credit losses (ECL) prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for the loan. Expected credit losses are assessed on a forward-looking basis. The loss allowance is measured at initial recognition and throughout its life at an amount equal to lifetime ECL. Any impairment is recognized in the income statement.

Trade and other payables

Payables are initially measured at fair value, net of transaction costs and are subsequently measured at amortized cost using the effective interest method.

Trade and other receivables

Trade and other receivables are recognised initially at their transaction price in accordance with IFRS 9 and are subsequently measured at amortised cost. The Group applies the simplified approach to providing for expected credit losses (ECL) prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. Expected credit losses are assessed on a forward-looking basis. The loss allowance is measured at initial recognition and throughout its life at an amount equal to lifetime ECL. Any impairment is recognised in the income statement.

Cash

Cash comprise cash on hand and on-demand deposits. Deposits are recorded as cash and cash equivalents when they have a maturity of less than 90 days at inception.

(o) Equity instruments

Ordinary shares are classified as equity. Equity instruments issued by the Company and the Group are recorded at the proceeds received, net of direct issue costs. Any excess of the fair value of consideration received over the par value of shares issued is recorded as share premium in equity.

(p) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(q) Decommissioning

A provision for decommissioning is recognized in full when the related facilities are installed. The decommissioning provision is calculated as the net present value of the Group's share of the expenditure expected to be incurred at the end of the producing life of each field in the removal and decommissioning of the production, storage and transportation facilities currently in place. The cost of recognising the decommissioning provision is included as part of the cost of the relevant asset and is thus charged to the income statement on a unit of production basis in accordance with the Group's policy for depletion and depreciation of tangible non-current assets. Period charges for changes in the net present value of the decommissioning provision arising from discounting are included within finance costs.

(r) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Service agreements for equipment on the working sites are not considered leases as, based upon an assessment of the terms and nature of their contractual arrangements, the contracts do not convey the right to control the use of an identified asset.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The asset is depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Group is reasonably certain to exercise that option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or the effect is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group elected to apply the practical expedient not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group also made use of the practical expedient to not recognise a right-of-use asset or a lease liability for leases for which the lease term ends within 12 months of the date of initial application.
The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of the assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods.

The following are the critical judgements and estimates that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Critical judgements and estimates

(a) Impairment indicator assessment for E&E assets

Cadogan had fully complied with legislative requirements and submitted its application for a 20-year exploration and production license 5 months before its expiry on 23 December 2019. A decision on the award was expected to be provided by State Geological Service of Ukraine before 19 January 2020, since all other intermediary approvals had been secured in line with the applicable legislation requirements. Given the delay in granting of the new license beyond the regular timeline provided by legislation in Ukraine, Cadogan has launched a claim before the Administrative Court to challenge the non-granting of the 20-year production license by the Licensing Authority.

In 2022, the claims of Usenco Nadra have been rejected by the Court of 1st Instance, the Court of Appeal and the Supreme Court.
Considering the current circumstances, the Bitlyanska license were fully impaired in 2021.

(b) Impairment of PP&E

Management assesses its development and production assets for impairment indicators and if indicators of impairment are identified performs an impairment test. Management performed an impairment assessment using a discounted cash flow model which required estimates including forecast oil prices, reserves and production, costs and discount rates (note 17).

This test compares the carrying value of the assets at the reporting date with the expected discounted cash flows from each project prepared under the fair value less cost of disposal approach. For the discounted cash flows to be calculated, management has used a production profile based on its best estimate of proven and probable reserves of the assets and a range of assumptions, including an internal oil and gas price profile benchmarked to mean analysts' consensus and third party estimates and a discount rate which, taking into account other assumptions used in the calculation, management considers to be reflective of the risks.

This assessment involves judgement as to (i) the likely commerciality of the asset, (ii) proven (`1P') reserves which are estimated using standard recognised evaluation techniques (iii) future revenues and estimated development costs pertaining to the asset, (iv) the discount rate to be applied for the purposes of deriving a recoverable value including estimates of the relevant levels of risk premiums applied to the assets.

The carrying amount of PP&E assets at 31 December 2023 was $6.1 million. The impairment assessment was identified at the level of $8.8 million, Thus, no other impairment was identified.

(c) Recoverability and measurement of VAT

Judgment is required in assessing the recoverability of VAT assets and the extent to which historical impairment provisions remain appropriate, particularly noting the recent recoveries against historically impaired VAT. In forming this assessment, the Group considers the nature and age of the VAT, the likelihood of eligible future supplies to VAT, the pattern of recoveries and risks and uncertainties associated with the operating environment (note 9).

Historically, the general volume of accumulated VAT credit was fully reserved as there were no permanent sources of its utilisation yet (at 31 December 2023: $0.9 million). However, over the course of the year, the Group managed to realise $0.1 million, and the reserve was accordingly reversed (note 9).

(d) Proger Loan recoverability

The recoverability of the carrying value of the loan to PMP represents a significant accounting judgment. In making their assessment over estimated recoverability of the loan, management considered the projected outcome of arbitration, assessment of the security provided by the pledge over shares, and the delay in the recovery of the expected amount. As a result, management concluded that $17.1 million represents its best estimate of recoverable amount as at 31 December 2023 (2022: $15.8 million). For further detail please refer to note 28.

(e) Well services and rental agreements

The Group's well rental arrangements in Ukraine for oil and gas extraction activities are outside of the scope of IFRS 16. Judgment was required in forming this assessment, based on analysis of the scope of IFRS 16 and the nature of the well rental arrangements. This assessment focused on the extent to which the rental agreements provided access to sub-surface well structures to extract hydrocarbons versus surface level infrastructure for the transport and processing of extracted hydrocarbons.

(f) Deferred tax assets

Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised. In particular, significant judgement is used when assessing the extent to which deferred tax assets should be recognised, with consideration given to the timing and level of future taxable income in the relevant tax jurisdiction.

Deferred tax assets are recognised only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse, and a judgement as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the level of deferred tax assets recognised that can result in a charge or credit in the period in which the change occurs.

(g) Determination of oil and gas reserves

Proven oil and gas reserves is the expected quantity of crude oil, natural gas and gas condensate liquids, the geological and engineering features of which reliably indicate that such reserves can be produced from known deposits within future years under existing economic and operating conditions. Proven developed reserves are reserves that are expected to be produced through the use of existing wells using existing equipment and operating methods. The determination of the level of oil and gas reserves is inherently characterised by uncertainty and requires the use of professional judgment and periodic revisions in the future. All proven reserves are subject to revision in accordance with new information regarding exploration drilling, production activity or changes in economic factors, including commodity prices, contract terms and exploration plans. Accordingly, financial and accounting estimates based on proven reserves are also subject to changes.

Changes in the level of proven developed reserves, affect the depreciation charges recognised in the financial statements in the property, plant and equipment item related to development and production assets. Such changes, for example, can be both the result of production and revision of estimates. A reduction in proven developed reserves will increase depreciation charges (provided constant production) and will also increase costs.

The last independent valuation of the Group's oil and gas reserves was carried out as at 31 December 2023.

(h) Depreciation of wells related to hydrocarbon production

Wells related to the production of hydrocarbons (hereinafter referred to as "Wells") are depreciated using the unit of production method. The cost of Wells is depreciated based on the available reserves of the relevant hydrocarbons categories (proven developed produced), estimated in accordance with the standards of the Petroleum Resources Management System (PRMS), prepared by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers (SPE).

(i) Depreciation of special subsoil use permits related to hydrocarbon extraction

Special permits for the subsoil use, which grant the right to extract hydrocarbons (hereinafter referred to as the "Permit"), are depreciated using the unit of production method. The cost of the Permit is depreciated based on the volumes of available reserves of the relevant hydrocarbons of the proved, probable and possible categories assessed in accordance with SPE-PRMS.

(j) Decommissioning costs

The provision for asset decommissioning represents the present value of costs of decommissioning oil and gas facilities that are expected to be incurred in the future (Note 25). These provisions were recognised based on the Company's internal estimates. The underlying estimates include future market prices for the required decommissioning costs and are based on market conditions and factors, as well as a discount rate. An additional uncertainty relates to the deadline of decommissioning costs, which depend on the field depletion, future oil and gas prices and, as a result, the expected point in time when future economic benefits from production are not expected to be realised. Changes in these estimates may result in changes in the provisions recognised in the Statement of financial position.

5. Segment information

Segment information is presented on the basis of management's perspective and relates to the parts of the Group that are defined as operating segments. Operating segments are identified on the basis of internal reports provided to the Group's chief operating decision maker ("CODM"). The Group has identified its senior management team as its CODM and the internal reports used by the senior management team to oversee operations and make decisions on allocating resources serve as the basis of information presented. These internal reports are prepared on the same basis as these consolidated financial statements.

Segment information is analysed on the basis of the type of activity, products sold, or services provided. The majority of the Group's operations and all Group's revenues are located within Ukraine. Segment information is analysed on the basis of the types of goods supplied by the Group's operating divisions. The Group's reportable segments under IFRS 8 are therefore as follows:

Exploration and Production

- E&P activities on the exploration and production licences for natural gas, oil and condensate.

Trading

- Import of natural gas from European countries; and
- Local purchase and sales of natural gas operations with physical delivery of natural gas.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Sales between segments are carried out at rates considered to approximate market prices. The segment result represents operating profit under IFRS before unallocated corporate expenses. Unallocated corporate expenses include management remuneration, representative expenses and expenses incurred in respect of the maintenance of office premises. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance. The Group does not present information on segment assets and liabilities as the CODM does not review such information for decision-making purposes.

As at 31 December 2023 and for the year then ended the Group's segmental information was as follows:

	Exploration and Production $'000	Trading $'000	Consolidated $'000
Sales of hydrocarbons	7,141	403	7,544
Other revenue	6	-	6
Sales between segments	-	-	-
Total revenue	**7,147**	**403**	**7,550**
Cost of sales	(4,991)	(400)	(5,391)
Administrative expenses	(497)	(118)	(615)
Impairment of other assets	(49)	-	(49)
Adjustments of end of concession obligations for E&E assets	218	-	218
Other operating income, net	25	-	25
Reversal of impairment of other assets	2	54	56
Finance income (1)	431	-	431
Segment results	**2,286**	**(61)**	**2,225**
Unallocated administrative expenses	-	-	(2,959)
Finance income/costs, net	-	-	1,454
Net foreign exchange gain	-	-	538
Profit before tax			**1,258**

(1) Net finance income includes $431,000 of interest on cash deposits in Ukraine.

5.Segment information (continued)

As at 31 December 2022 and for the year then ended the Group's segmental information was as follows:

	Exploration and Production $'000	Trading $'000	Consolidated $'000
Sales of hydrocarbons	8,465	-	8,465
Other revenue	7	-	7
Sales between segments	-	-	-
Total revenue	**8,472**	**-**	**8,472**
Cost of sales	(5,553)	-	(5,553)
Administrative expenses	(450)	(125)	(575)
Impairment of oil and gas assets	(269)	-	(269)
Other operating expenses, net	(3)	-	(3)
Impairment of other assets	(16)	(11)	(27)
Reversal of impairment of other assets	20	-	20
Finance income (2)	185	-	185
Segment results	**2,386**	**(136)**	**2,250**
Unallocated administrative expenses	-	-	(2,866)
Other income, net (3)	-	-	187
Net foreign exchange loss	-	-	(1,131)
Loss before tax			**(1,560)**

(2) Net finance income includes $185,000 of interest on cash deposits used for operations.

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Fixed assets related to Exploration and Production segment are disclosed in the note 17.

6. Revenue

	2023 $'000	2022 $'000
Sale of oil (production) - point in time	7,147	8,472
Sale of gas(trading) - point in time	403	-
Total	**7,550**	**8,472**

Revenue is generated in Ukraine. Refer to note 3(e) for details of the performance obligations. Service revenue and associated contract assets and liabilities are immaterial.

Information about major customers

81% of production business segment revenue arose from sales to five largest customers. Three of them contributed for more than 10% of the total revenue of the production business segment revenue for the year ended 31 December 2023.

80% of prior year production business segment revenue arose from sales to five largest customers. Each of them contributed for more than 10% of the total revenue of the production business segment revenue for the year ended 31 December 2022.

Trading segment revenue for the year ended 31 December 2023 of $0.4 million arose from sales transactions with one customer (2022: no activities).

7. Cost of sales

	2023 $'000	2022 $'000

Subsoil tax	2,668	3,522
Natural Gas cost	400	-
Well rent	699	789
Depreciation	713	536
Staff cost	237	245
Insurance	204	34
Materials cost	126	143
Machinery services	115	111
Electricity	80	67
Security services	68	65
Other expenses	81	41
Total	**5,391**	**5,553**

8. Administrative expenses

	2023 $'000	2022 $'000
Staff	1,805	1,774
Professional fees	1,051	872
Insurance	188	215
Depreciation	169	217
Office costs including utilities and maintenance	57	51
IT and communication	43	62
Cars and travel	43	61
Bank charges	23	34
Travelling	23	9
Other	172	146
Total	**3,574**	**3,441**

9. Reversal of impairment/(impairment) of other assets

	2023 $'000	2022 $'000
Inventory	-	20
VAT recoverable	54	-
Other receivables	2	-
Reversal of impairment of other assets	**56**	**20**

$0.9 million (2022: $1.0 million) of historical VAT receivables remain impaired. Refer to Note 4 and 20.

	2023 $'000	2022 $'000
Inventories	(44)	-
Other assets	(5)	(16)
VAT recoverable	-	(11)
Impairment of other assets	**(49)**	**(27)**

10. Other operating income/(expenses), net

	2023 $'000	2022 $'000
Other income/(expenses)	25	(3)
Total	**25**	**(3)**

11. Auditor's remuneration

The analysis of auditor's remuneration is as follows:

	2023 $'000	2022 $'000
Audit fees		
Fees payable to the Company's auditor and the component auditor for the audit of the Company's annual accounts	192	192
Fees payable to the Company's auditor and the component auditor for other services to the Group:		
- The audit of the Company's subsidiaries	8	8
Total audit fees	**200**	**200**

12. Staff costs

The average monthly number of employees (including Executive Directors) was:

	2023 Number	2022 Number
Executive Director	1	1
Other employees	73	74
Total	**74**	**75**
Total number of employees at 31 December	**74**	**75**

	$'000	$'000
Their aggregate remuneration comprised:		
Wages and salaries	1,520	1,596
Social security costs	207	227

Pension costs	78	74
Total	**1,805**	**1,897**

13. Finance income/(costs), net

	2023 $'000	2022 $'000
Interest on loan (note 28)	757	38
Reversal of liability accrual	395	-
Interest income on cash deposits in United Kingdom	367	97
Interest income on cash deposits in Ukraine	431	185
Change in provision (note 25)	-	93
Total interest income on financial assets	**1,950**	**413**
Interest on lease	(10)	(18)
Unwinding of discount on decommissioning provision (note 25)	(55)	(23)
Total	**1,885**	**372**

14. Tax

	2023 $'000	2022 $'000
Current tax	--	
Deferred tax	--	
Total	**--**	

The Group's operations are conducted primarily outside the UK, namely in Ukraine. The most appropriate tax rate for the Group is therefore considered to be 18 % (2022: 18%), the rate of profit tax in Ukraine, which is the primary source of revenue for the Group. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The taxation charge for the year can be reconciled to the profit/(loss) per the income statement as follows:

	2023 $'000	2022 $'000
Profit/(loss) before tax	1,258	(1,560)
Tax charge/(credit) at Ukraine corporation tax rate of 18% (2022: 18%)	226	(281)
Permanent differences	(583)	(1,361)
Unrecognised tax losses generated in the year	47	1,682
Recognition of previously unrecognised deferred tax assets	318	-
Effect of different tax rates	(8)	(40)
	-	**-**
Adjustments recognised in the current year in relation with the current tax of prior years	-	-
Income tax (benefit)/expense recognised in profit or loss	**-**	**-**

Permanent differences mostly represent items, including provisions, accruals and impairments related to taxation in Ukraine, these are items not deductible in tax computations.

15. Earnings/(Loss) per Ordinary share

Earnings/(Loss) attributable to owners of the Company	**2023 $'000**	**2022 $'000**
Earnings/(Loss) for the purposes of basic loss per share being net loss attributable to owners of the Company	1,259	(1,562)
Number of shares	**Number `000**	**Number `000**
Weighted average number of Ordinary shares used in calculation of earnings per share:		
Basic	244,128	244,128
Diluted	244,128	244,128
	Cent	**Cent**
Earnings/(Loss) per Ordinary share		
Basic and diluted	**0.5**	**(0.6)**

Basic earnings/(loss) per Ordinary share is calculated by dividing the net profit/(loss) for the year attributable to owners of the Company by the weighted average number of Ordinary shares outstanding during the year. In 2022 the Group generated a loss and therefore there is no difference between basic and diluted EPS.

16. Intangible exploration and evaluation assets

Cost	**$'000**
At 1 January 2022	**16,701**
Additions	-
Disposals	(5,878)
Change in estimate of decommissioning assets (note 25)	269
Exchange differences	(3,577)
At 1 January 2023	**7,515**
Additions	1
Disposals	(615)
Change in estimate of decommissioning assets (note 25)	(218)

Exchange differences	(224)
At 31 December 2023	**6,459**

Impairment	
At 1 January 2022	**16,701**
Disposals	(5,878)
Change in estimate of decommissioning assets (note 25)	269
Exchange differences	(3,577)
At 1 January 2023	**7,515**
Addition	1
Disposals	(615)
Change in estimate of decommissioning assets (note 25)	(218)
Exchange differences	(224)
At 31 December 2023	**6,459**

Carrying amount	
At 31 December 2023	**-**
At 31 December 2022	-

Disposals of $0.6 million relates to E&E assets impaired in previous years. The Company analysed the possibilities to realise any benefit from those assets. In 2023, based on the conducted analysis, management decided to write-off of those assets.

The carrying amount of E&E assets at 31 December 2023 relates to the Bitlyanska license.

Usenco Nadra has fully complied with legislative requirements and submitted its application for a 20-year exploration and production license 5 months before its expiry on 23 December 2019. A decision on the award was expected to be provided by State Geological Service of Ukraine before 19 January 2020, since all other intermediary approvals had been secured in line with the applicable legislation requirements. Given the delay to granting of the new license beyond the regular timeline provided by legislation in the Ukraine, Cadogan filed a claim before the Administrative Court to challenge the non-granting of the 20-year production license by the Licensing Authority.

After the rejection of its claims, in February 2022, the Company exercised its right for appeal. The Appeal Court and further on the Supreme Court rejected all the Company's claims.

The Company fully impaired the Bitlyanska license in 2022.

17. Property, plant and equipment

Cost	**Development and production assets $'000**	**Other $'000**	**Total $'000**
At 1 January 2022	**14,567**	**2,930**	**17,497**
Additions	71	30	101
Disposal	(701)	(7)	(708)
Exchange differences	(3,651)	(753)	(4,404)
At 1 January 2023	**10,286**	**2,200**	**12,486**
Additions	43	15	58
Change in estimate of decommissioning assets (note 25)	20	-	20
Disposal	(1,734)	(1,160)	(2,894)
Exchange differences	(288)	(35)	(323)
At 31 December 2023	**8,327**	**1,020**	**9,347**
Accumulated depreciation and impairment			
At 1 January 2022	**5,273**	**2,626**	**7,899**
Charge for the year	604	68	672
Disposals	(693)	(7)	(700)
Exchange differences	(1,338)	(680)	(2,018)
At 1 January 2023	**3,846**	**2,007**	**5,853**
Charge for the year	692	37	729
Disposals	(1,711)	(1,167)	(2,878)
Exchange differences	(95)	(30)	(125)
At 31 December 2023	**2,732**	**847**	**3,579**
Carrying amount			
At 31 December 2023	**5,595**	**173**	**5,768**
At 31 December 2022	6,440	193	6,633

Other property, plant and equipment include fixtures and fittings for the development and production activities.

Disposals of $1.2 million relate to Other PP&E assets impaired in previous years. Company analysed the possibility to realise any benefit from those assets. In 2023, based on the conducted analysis management decided to dispose of those assets.

The carrying amount of development and production assets at 31 December 2023 of $5.6 million relates to the Blazhiv license. Depreciation includes $0.7 million for the Blazhiv license.

Disposals of $1.7 million relate to D&P assets impaired in previous years. The Company was analysing the possibility to realise any benefits from those assets. In 2023, based on the conducted analysis management decided to dispose of those assets.

Management has performed an impairment review of Development and production assets based on the underlying discounted cash flow forecasts. The impairment review supported the conclusion that no impairment was applicable. Key assumptions used in the impairment assessment were: future oil prices which were assumed at a constant $467 (2022: $408), real per tonne; a production forecast with a natural decline; estimated reserves and a discount rate of 25%.

17. Property, plant and equipment (continued)

Sensitivity analysis for the Development and production assets

Any impairment is dependent on judgement used in determining the most appropriate basis for the assumptions and estimates made by management, particularly in relation to the key assumptions described above. Sensitivity analysis to potential changes in key assumptions to reach break-even has been provided below:

Change in the assumptions to be break-even

Oil price	(28 %)
Oil production volumes	(23 %)
Discount rate	56 %

18. Subsidiaries

The Company had investments in the following subsidiary undertakings at 31 December 2023:

Name	**Country of incorporation and operation**	**Proportion of voting interest %**	**Activity**	**Registered office**
Directly held				
Cadogan Petroleum Holdings Ltd	UK	100	Holding company	6th Floor 60 Gracechurch Street, London, United Kingdom, EC3V 0HR
Indirectly held				
Cadogan Petroleum Holdings BV	Netherlands	100	Holding company	Hoogoorddreef 15, 1101 BA Amsterdam
Cadogan Bitlyanske BV	Netherlands	100	Holding company	Hoogoorddreef 15, 1101 BA Amsterdam
Zagoryanska Petroleum BV	Netherlands	100	Holding company	Hoogoorddreef 15, 1101 BA Amsterdam
LLC Cadogan Ukraine	Ukraine	100	Holding company	48/50a, Zhylyanska Street, Kyiv, Ukraine
LLC Astroinvest-Energy	Ukraine	100	Trading	5a, Pogrebnyak Street, ap. 2, Zinkiv, Poltava region, Ukraine, 38100
SE USENCO Ukraine	Ukraine	100	Production	8, Mitskevycha sq.,Lviv, Ukraine,79000
LLC USENCO Nadra	Ukraine	100	Production	9a, Karpenka-Karoho str., Sambir, Lviv region, Ukraine
LLC Astro-Service	Ukraine	100	Service Company	3 Petro Kozlaniuk str, Kolomyia, Ukraine
Exploenergy s.r.l.	Italy	90	Exploration	Via Adige 17, San Donato Milanese_ Milano, CAP 20097, Italy

In April 2023, SE Usenco Ukraine (a Cadogan subsidiary in Ukraine) completed the acquisition of the 5% minority interest of Usenco Nadra LLC. As a result, SE Usenco Ukraine consolidates now 100% of Usenco Nadra LLC in its ownership.
In 2023, the liquidation procedure of the company LLC Asto Gas was fully completed.
There were no other changes to the Group structure during 2023.

19. Inventories

	2023 $'000	**2022 $'000**
Natural gas	265	45
Crude oil	105	182
Other inventories	1,116	1,184
Impairment provision	(1,122)	(1,116)
Carrying amount	**364**	**295**

A part of other inventories was sold to the third parties of $68,000.

	2023 $'000	**2022 $'000**
At 1 January	**1,116**	**1,523**
Accrual of provision	52	-
Reversal of provision	(8)	(20)
Exchange differences	(38)	(387)
At 31 December	**1,122**	**1,116**

The impairment provision at 31 December 2023 and 2022 is made so as to reduce the carrying value of the inventories to the net realizable value and includes $1,070,000 provision for other inventories, and $52,000 provision for natural gas (2022: $1,116,000 provision for other inventories).

20. Trade and other receivables

	2023 $'000	**2022 $'000**
Trade receivables	68	192
Impairment provision for bad debts	(49)	(52)
VAT recoverable	1,097	1,080
Impairment provision for VAT	(918)	(1,003)
Prepayments	81	60
Other receivables	31	41
	310	**318**

2023 **2022**

	VAT recoverable $'000	Trade and Other Receivables $'000	VAT recoverable $'000	Trade and Other Receivables $'000
At 1 January	**1,003**	**52**	**1,335**	**53**
Accrual of provision	-	-	11	16
Reversal of provision	(54)	(2)	-	-
Exchange differences	(31)	(1)	(343)	(17)
At 31 December	**918**	**49**	**1,003**	**52**

The Group considers that the carrying value of receivables approximates their fair value.

VAT recoverable is presented net of the cumulative provision of $0.9million (2022: $1.0 million) against Ukrainian VAT receivable that has been recognised as at 31 December 2023. VAT recoverable relates to the oil production and gas trading operations and is expected to be recovered through the gas and oil sales VAT.

21. Notes supporting statement of cash flows

Cash at 31 December 2023 of $14.2 million (2022: $13.9 million) comprise cash held by the Group. Ukrainian subsidiaries of the Group hold $5.4million as at 31 December 2023 (2022: $3.6 million).

With the start of the Russian invasion into Ukraine on 24 February 2022, the Ukrainian government introduced Martial Law affecting, among others, aspects relating to lending agreements, foreign exchange and currency controls and banking activities. As a result of the introduced Martial Law, the National Bank of Ukraine ("NBU") has introduced significant currency and capital control restrictions in Ukraine. These measures are affecting the Group in terms of its cross-border payments to be made, which are restricted and may be carried out only in exceptional cases specified in the amendments to the resolution No. 18. Based on the regulations, Ukrainian subsidiaries of the Group are not able to pay dividends to the parent Company but are able to use the cash in normal course of business.

The Directors consider that the carrying amount of these assets approximates to their fair value. There were no cash transactions from financing activities for the year 2023.

22. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting period:

	Temporary differences $'000
Asset at 1 January 2022	**431**
Deferred tax benefit	-
Exchange differences	(112)
Asset at 1 January 2023	**319**
Deferred tax benefit	-
Exchange differences	51
Asset at 31 December 2023	**370**

At 31 December, the Group had the following unused tax losses available for offset against future taxable profits:

	2023 $'000	2022 $'000
UK	18,197	17,541
Ukraine	42,113	43,138
	60,310	**60,679**

Deferred tax assets have been recognised in respect of those tax losses where there is sufficient certainty that profit will be available in future periods against which they can be utilised. The Group's unused tax losses of $18.2 million (2022: $17.5 million) relating to losses incurred in the UK are available to shelter future non-trading profits arising within the Company. These losses are not subject to a time restriction on expiry. No deferred tax asset is recorded.

Unused tax losses incurred by Ukraine subsidiaries amount to $42.1 million (2022: $43.1 million). Under general tax law provisions, these losses may be carried forward indefinitely to be offset against any type of taxable income arising from the same company. Tax losses may not be surrendered from one Ukraine subsidiary to another. The deferred tax asset recorded is expected to be utilised based on forecasts and relates to oil production subsidiaries which are generating taxable profits in the foreseeable future.

23. Lease liabilities

The Group continued to recognise right-of-use assets and lease liabilities based on a rental contract for the rent of a Kyiv office with maturity date end of February 2024. Additionally, in December 2023 the new rental contract for the rent of a Kyiv office was signed with the maturity date end of January 2027. Right-of-use assets are depreciated over the useful life of the underlying asset. Depreciation represented as a part of administrative expenses. Total carrying value of right-of-use assets is $246,000 as of 31 December 2023.

	Right-of-use assets $'000	
Cost		292
Accumulated depreciation		(92)
At 1 January 2022		200
Depreciation charge for the year	(92)	
At 1 January 2023		**108**
Cost		292
Accumulated depreciation		(184)
At 1 January 2023		**108**
Additions		230
Depreciation charge for the year	(92)	
At 31 December 2023		**246**
Cost		522

Accumulated depreciation	(276)	
At 31 December 2023		**246**

The following table sets out a maturity analysis of lease liability, showing the undiscounted lease payments to be paid after the reporting date.

	2023 $'000	2022 $'000
2023	-	99
2024	95	20
2025	88	-
2026	92	-
2027	8	-
Less: unearned interest	(48)	(12)
Lease liabilities	**235**	**107**

	2023 $'000	2022 $'000
Analysed as:		
Current	87	79
Non-current	148	28
Lease liabilities	**235**	**107**

24. Trade and other payables

	2023 $'000	2022 $'000
Accruals	430	281
Trade payables	140	569
Prepayments received	54	32
Other payables	742	519
	1,366	**1,401**

Trade payables and accruals principally comprise amounts outstanding for ongoing costs. The average credit period taken for trade purchases is 29 days (2022: 30 days). The Group has financial risk management policies to ensure that all payables are paid within the credit timeframe.

Other payables include unused vacation reserve provision of $0.39 million (2022: $0.37 million), subsoil tax payables of $0.22 million (2022: $0.13) and other payables of $0.13 million (2022: $0.02).

The Directors consider that the carrying amount of trade and other payables approximates to their fair value. No interest is generally charged on outstanding balances.

25. Provisions

The provisions at 31 December 2023 comprise $0.2 million (2022: $0.4 million) of decommissioning provision.

Decommissioning

	$'000
At 1 January 2022	**300**
Change in estimate: exploration and evaluation assets (note 16)	269
Change in estimate: development and production assets	(93)
Unwinding of discount on decommissioning provision (note 13)	23
Exchange differences	(102)
At 1 January 2023	**397**
Change in estimate: exploration and evaluation assets (note 16)	(218)
Change in estimate: development and production assets	20
Unwinding of discount on decommissioning provision (note 13)	55
Exchange differences	(9)
At 31 December 2023	**245**

	$'000
Non-current	261
Current	136
At 31 December 2022	**397**
Non-current	114
Current	131
At 31 December 2023	**245**

In accordance with the Group's environmental policy and applicable legal requirements as of 31 December 2023 the Group intends to restore the sites it is working on after completing the development activities.

Provision for the decommissioning and site restoration used by development and production assets has been increased by $20,000 due to change in discounting rate used for the provision calculation (2023: 17%; 2022: 21%). The change in the provision has been recognised as other financial income/(loss) for the year together with unwinding of discount on decommissioning provision.

25. Provision (continued)

A long-term provision of $0.11 million (2022: $0.26 million) has been made for decommissioning costs for Borynya-3 well, which is expected to be incurred in 2039, and Blazhiv-10 well, which is to be incurred at the end of Blazhiv licenses period as a result of the demobilisation of oil and gas facilities and respective site restoration. Current provision of $0.13 million (2022: $0.14 million) has been made for decommissioning costs, which are expected to be incurred in 2024 as a result of the demobilisation of oil and gas facilities and respective site restoration on Bitlyanska license.

26. Share capital

Authorised and issued equity share capital

	2023		2022	
	Number (`000)	$'000	Number (`000)	$'000
Authorised				
Ordinary shares of £0.03 each	1,000,000	57,713	1,000,000	57,713
Issued	244,128	13,832	244,128	13,832
Ordinary shares of £0.03 each				

Authorised but unissued share capital of £30 million has been translated into US dollars at the historic exchange rate of the issued share capital. The Company has one class of Ordinary shares, which carry no right to fixed income.

Issued equity share capital

	Ordinary shares of £0.03
At 31 December 2021	**244,128,487**
Issued during year	-
At 31 December 2022	**244,128,487**
Issued during year	-
At 31 December 2023	**244,128,487**

27. Other reserves

	Reorganisation $'000
At 1 January 2023	1,589
Charge for the year	-
At 31 December 2023	**1,589**

The accumulated amount of reserves at 31 December 2023 is made as accounting entry relating to the acquisition of CPHL by PLC by means of share exchange in 2006. This was not deemed to be a business combination as there was no change in control.

28. Financial instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern, while maximising the return to shareholders.

The capital resources of the Group consist of cash arising from equity attributable to owners of the Company, comprising issued capital, reserves and retained earnings as disclosed in the Consolidated Statement of Changes in Equity.

Externally imposed capital requirement

The Group is not subject to externally imposed capital requirements.

Categories of financial instruments

	2023 $'000	2022 $'000
Financial assets (includes cash)		
Loan provided at amortised cost	17,074	15,825
Cash	14,155	13,934
Trade and other receivables - amortised cost	50	181
	31,279	**29,940**
Financial liabilities - measured at amortised cost		
Trade payables	140	569
Lease liabilities	235	107
Accruals	430	281
Other payables	742	519
	1,547	**1,476**

	Financial assets at fair value through profit and loss $'000	Financial assets at amortised cost $'000
As at 1 January 2021	**16,812**	**-**
Reclassification from FVPL to AC	(16,812)	16,812
Addition		1,225
Exchange differences		(1,313)
As at 31 December 2021		**16,724**

The Proger loan is recorded at management's best estimate of recoverable amount as set out in note 4(d) although management have not been able to undertake a valuation exercise under the income method based on Proger's underlying cash flows or market-based method which would incorporate relevant recent financial information on the investee or its prospects.

The Group has previously applied a level 3 valuation under IFRS as inputs to the valuation have included assessment of the cash repayments anticipated under the loan terms at maturity, delayed by the arbitration process requested by PMP (the Borrower), historical financial information for the periods prior to 2020 and assessment of the security provided by the pledge over shares together with the impact of the Covid-19 on the activity of Proger. As a result, $ 16.8 million was determined as the best estimate of fair value as at 31 December 2020, being equal to anticipated receipts and timing thereof discounted at an estimated market rate of interest of 7.8%.

In February 2021, Cadogan notified PMP that according to the Loan Agreement, the Maturity Date occurred on 25 February 2021. As the Call Option was not exercised, PMP must fulfil the payment of EUR 14,857,350, being the reimbursement of the Loan in terms of principal and the accumulated interest. PMP is in default since 25 February 2021. In case of default payment, the terms of the agreement provide for the application of an increased interest rate on the amount of the debt.

28. Financial instruments (continued)

Since the Call Option was not exercised before the Maturity Date and the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows, the Loan provided was reclassified from `Financial assets at fair value through profit and loss' to `Financial assets at amortised cost'.

	$'000
As at 1 January 2022	**16,724**
Movement in accrued interest	1,338
Movement in accrued provision	(1,300)
Exchange differences	(937)
As at 1 January 2023	**15,825**
Movement in accrued interest	1,457
Movement in accrued provision	(700)
Exchange differences	492
As at 31 December 2023	**17,074**

Financial risk management objectives

Management co-ordinates access to domestic and international financial markets and monitors and manages the financial risks relating to the operations of the Group in Ukraine through internal risks reports, which analyse exposures by degree and magnitude of risks. These risks include commodity price risks, foreign currency risk, credit risk, liquidity risk and cash flow interest rate risk. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Audit Committee of the Board reviews and monitors risks faced by the Group at meetings held throughout the year.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of the financial instruments. The Group is not exposed to interest rate risk because entities of the Group borrow funds at fixed interest rates.

Commodity price risk

The commodity price risk related to Ukrainian gas and condensate prices and prices for crude oil are the Group's most significant market risk exposures. World prices for gas and crude oil are characterised by significant fluctuations that are determined by the global balance of supply and demand and worldwide political developments, including actions taken by the Organization of Petroleum Exporting Countries.

The Group does not hedge market risk resulting from fluctuations in gas, condensate and oil prices, and holds no financial instruments, which are sensitive to commodity price risk.

Foreign exchange risk and foreign currency risk management

The Group holds a large portion of its monetary assets in the US Dollars and Euro, mitigating the exchange risk between the US Dollars and Euro and monetary liability in the US Dollars.

28. Financial instruments (continued)

Sensitivity analysis is represented below based on 10% exchange rate deviation:

	As at 31 December 2023	Change in EURO/USD exchange rate	
	$'000	+10%	-10%
Cash positions	14,155	178	(178)
Loan receivable at amortised cost	17,074	1,707	(1,707)
Net assets	36,411	1,885	(1,885)

Inflation risk management

Inflation in Ukraine and in the international market for oil and gas may affect the Group's cost for equipment and supplies. The Directors will proceed with the Group's practices of keeping deposits in US dollar accounts until funds are needed and selling its production in the spot market to enable the Group to manage the risk of inflation.

Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's credit management process includes the assessment, monitoring and reporting of counterparty exposure on a regular basis. Credit risk with respect to receivables is mitigated by active and continuous monitoring the credit quality of its counterparties through internal reviews and assessment. There was no material past due receivables as at year end.

The Group makes allowances for expected credit losses on receivables in accordance with its accounting policy.

The credit risk on liquid funds (cash) is considered to be limited because the counterparties are financial institutions with high and good credit ratings, assigned by international credit-rating agencies in the UK and Ukraine respectively.

The carrying amount of financial assets as at 31 December 2023 of $31.3 million (2022: $29.9 million) recorded in the financial statements represents the Group's maximum exposure to credit risk.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows.

The following tables sets out details of the expected contractual maturity of financial liabilities.

	Within 3 months $'000	3 months to 1 year $'000	More than 1 year $'000	Total $'000
At 31 December 2022				
Trade and other payables	1,369	-	-	1,369
Lease liability	-	99	20	119
At 31 December 2023				

Trade and other payables	1,312	-	-	1,312
Lease liability	5	90	188	283

The carrying amount of financial liabilities as at 31 December 2023 of $1.6 million (2022: $1.5 million) recorded in the financial statements demonstrates the stable financial condition of the Group.

29. Commitments and contingencies

Licence contingent liability

The Group has working interests in Blazhiv license to conduct its exploration and development activities in Ukraine. The license is not held any obligation on a settlement of exploration activities within its term.

Tax contingent liabilities

The Group assesses its liabilities and contingencies for all tax years open for audit by UK, Netherlands and Ukraine tax authorities based upon the latest information available.
Where management concludes that it is not probable that a particular tax treatment is accepted, a provision is recorded based on the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The decision should be based on which method provides better predictions of the resolution of the uncertainty. Inherent uncertainties exist in estimates of tax contingencies due to complexities of interpretation and changes in tax laws.

Whilst the Group believes it has adequately provided for the outcome of these matters, certain periods are under audit by the UK, Netherlands and Ukraine tax authorities, and therefore future results may include favourable or unfavourable adjustments to these estimated tax liabilities in the period the assessments are made or resolved. The final outcome of tax examinations may result in a materially different outcome than assumed in the tax liabilities.

30. Related party transactions

All transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

In February 2019, the Group entered in a 2-year loan agreement with Proger Management & Partners Srl with an option to convert it into a direct 33% equity interest in Proger Ingegneria. At that time, Mr Michelotti was a non-executive Director of Proger Ingegneria Srl and Proger Spa, and CEO of Cadogan Petroleum PLC. Mr Michelotti did not participate to the voting for the approval of the loan agreement at the Board of Cadogan.

Directors' remuneration

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*. Further information about the remuneration of individual Directors is provided in the audited part of the Annual Report on Remuneration 2023 on page 44.

	Purchase of services		**Amounts owing**	
	2023 $'000	**2022 $'000**	**2023 $'000**	**2022 $'000**
Directors' remuneration	**712**	**693**	**54**	**83**
Social contribution on Directors' remuneration	**72**	**72**	**-**	**-**

The total remuneration of the highest paid Director was $0.5 million in the year (2022: $0.5 million).

No guarantees have been given or received and no provisions have been made for doubtful debts in respect of the amounts owed by related parties.

31. Events after the balance sheet date

In April 2024, LLC AstroInvest Energy signed the agreement to purchase a power generation unit with KTS Engineering s.r.o., the official dealer of equipment of Jenbacher GmbH & Co OG (Austria). The delivery of the equipment is expected by the end of the year.

Company Balance Sheet
As at 31 December 2023

	Notes	**2023 $'000**	**2022 $'000**
ASSETS			
Non-current assets			
Receivables from subsidiaries	35	35,659	35,918
		35,659	**35,918**
Current assets			
Trade and other receivables	35	2	-
Cash	35	1,796	2,391
		1,798	2,391
Total assets		**37,457**	**38,309**
LIABILITIES			
Current liabilities			
Trade and other payables	36	(350)	(337)
		(350)	(337)
Total liabilities		(350)	(337)
Net assets		**37,107**	**37,972**
EQUITY			
Share capital	37	13,832	13,832
Share premium		514	514
Retained earnings		131,480	132,345
Cumulative translation reserves	38	(108,719)	(108,719)
Total equity		**37,107**	**37,972**

As permitted by section 408 of the Act, the Company has elected not to present its profit and loss account for the year. The loss for the financial year

ended 31 December 2023 was $0.9 million (2022: loss $2.4 million).
The financial statements of Cadogan Energy Solution plc, registered in England and Wales no. 05718406, were approved by the Board of Directors and authorized for issue on 07 May 2024.
They were signed on its behalf by:
Fady Khallouf
Chief Executive Officer
07 May 2024
The notes on pages 112 to 115 form part of these financial statements.

Company Cash Flow Statement
For the year ended 31 December 2023

	2023 $'000	2022 $'000
Operating activities		
(Loss) for the year	**(865)**	**(2,402)**
Adjustments for:	(26)	(4)
Interest received	-	-
Impairment of receivables from subsidiaries	(491)	1,053
Effect of foreign exchange rate changes	45	(11)
Movement in provisions		
Operating cash outflows before movements in working capital	**(1,337)**	**(1,364)**
Decrease/(Increase) in receivables	698	2
(Decrease)/Increase in payables	(37)	99
Cash used in operations	**(676)**	**(1,263)**
Income taxes paid	-	-
Net cash outflow from operating activities	**(676)**	**(1,263)**
Investing activities		
Interest received	26	4
Net cash generated from investing activities	**26**	**4**
Net decrease in cash	**(650)**	**(1,259)**
Effect of foreign exchange rate changes	55	(207)
Cash at beginning of year	2,391	3,857
Cash at end of year	**1,796**	**2,391**

Company Statement of Changes in Equity
For the year ended 31 December 2023

	Share capital $'000	Share premium account $'000	Retained earnings $'000	Other Reserve $'000	Cumulative translation reserves $'000	Total $'000
As at 1 January 2022	**13,832**	**514**	**134,747**	**-**	**(108,719)**	**40,374**
Net loss for the year	-	-	(2,402)	-	-	(2,402)
Total comprehensive loss for the year	**-**	**-**	**(2,402)**	**-**	**-**	**(2,402)**
Issue of ordinary shares	-	-	-	-	-	-
As at 1 January 2023	**13,832**	**514**	**132,345**	**-**	**(108,719)**	**37,972**
Net loss for the year	-	-	(865)	-	-	(865)
Total comprehensive income/loss for the year	**-**	**-**	**(865)**	**-**	**-**	**(865)**
As at 31 December 2023	**13,832**	**514**	**131,480**	**-**	**(108,719)**	**37,107**

Notes to the Company Financial Statements
For the year ended 31 December 2023

32. Significant accounting policies

The separate financial statements of the Company are presented as required by the Companies Act 2006 (the "Act"). As permitted by the Act, the separate financial statements have been prepared in accordance with UK-adopted International Accounting Standards.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are the same as those set out in note 3 to the Consolidated Financial Statements except as noted below.

As permitted by section 408 of the Act, the Company has elected not to present its profit and loss account for the year. Cadogan Energy Solutions plc reported a loss for the financial year ended 31 December 2023 of $0.9million (2022: loss $2.4 million).

Investments

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

Receivables from subsidiaries

Loans to subsidiary undertakings are subject to IFRS 9's new expected credit loss model. As all intercompany loans are repayable on demand, the loan is considered to be in stage 3 of the IFRS 9 ECL model on the basis the subsidiary does not have enough liquid assets in order to repay the loans if demanded. Lifetime ECLs are determined using all relevant, reasonable and supportable historical, current and forward-looking information that provides evidence about the risk that the subsidiaries will default on the loan and the amount of losses that would arise as a result of that default. Analysis indicated that the Company will fully recover the carrying value of the loans (net of historic credit loss provisions) so no additional ECL has been recognised in the current period.

Critical accounting judgements and key sources of estimation uncertainty

The Company's financial statements, and in particular its investments in and receivables from subsidiaries, are affected by certain of the critical accounting judgements and key sources of estimation uncertainty.

The critical estimates and judgments referred to application of the expected credit loss model to intercompany receivables (note 34). Management determined that the interest free on demand loans were required to be assessed on the lifetime expected credit loss approach and assessed scenarios considering risks of loss events and the amounts which could be realised on the loans. In doing so, consideration was given to factors such as the cash held by subsidiaries and the underlying forecasts of the Group's divisions and their incorporation of prospective risks and uncertainties.

33. Auditor's remuneration

The auditor's remuneration for audit and other services is disclosed in note 11 to the Consolidated Financial Statements.

34. Investments

The Company's subsidiaries are disclosed in note 18 to the Consolidated Financial Statements. The investments in subsidiaries are all stated at cost less any provision for impairment.

35. Financial assets

The Company's principal financial assets are bank balances and cash and receivables from related parties none of which are past due. The Directors consider that the carrying amount of receivables from related parties approximates to their fair value.

35. Financial assets (continued)

Receivables from subsidiaries

At the balance sheet date gross amounts receivable from the fellow Group companies were $348.7 million (2022: $349.1 million). The Company did not recognise additional expected credit loss provisions in relation to receivables from subsidiaries in 2023 (2022: nil). The accumulated provision on receivables at 31 December 2023 was $313 million (2022: $313.2 million). The carrying value of the receivables from the fellow Group companies at 31 December 2023 was $35.7 million (2022: $35.9 million). Receivables from subsidiaries are interest free and repayable on demand. There are no past due receivables. The receivables are classified as non-current based on the expected timing of receipt notwithstanding their terms.

Cash

Cash comprises cash held by the Company and short-term bank deposits with an original maturity of three months or less. The carrying value of these assets approximates to their fair value.

36. Financial liabilities

Trade and other payables

	2023 $'000	2022 $'000
Accruals	166	141
Unused vacation provision	105	85
Amounts owing to Directors	54	82
Trade payables	25	29
	350	**337**

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 30 days (2021: 29 days).

Unused vacation provision of $105,000 accrued for CEO of the Company (2022: $85,000).

The Directors consider that the carrying amount of trade and other payables approximates to their fair value. No interest is charged on balances outstanding.

37. Share capital

The Company's share capital is disclosed in note 26 to the Consolidated Financial Statements.

38. Cumulative translation reserve

The directors decided to change the functional currency of the Company from sterling to US dollars with effect from 1 January 2016. The effect of a change in functional currency is accounted for prospectively. In other words, the Company translates all items into the US dollar using the exchange rate at the date of the change. The resulting translated amounts for non-monetary items are treated as their historical cost. Exchange differences arising from the translation of an operation previously recognised in other comprehensive income in accordance with paragraphs 32 and 39(c) IAS 21 *"Foreign Currency"* are not reclassified from equity to profit or loss until the disposal of the operation.

39. Financial instruments

The Company manages its capital to ensure that it is able to continue as a going concern while maximising the return to shareholders. Refer to note 28 for the Group's overall strategy and financial risk management objectives.

The capital resources of the Company consist of cash arising from equity, comprising issued capital, reserves and retained earnings.

Categories of financial instruments

	2023 $'000	2022 $'000
Financial assets - measured at amortised cost		
Cash	1,796	2,391
Amounts due from subsidiaries	35,659	35,918
	37,455	**38,309**
Financial liabilities - measured at fair value		
Trade creditors	(184)	(196)
	(184)	**(196)**

Interest rate risk

All financial liabilities held by the Company are non-interest bearing. As the Company has no committed borrowings, the Company is not exposed to any significant risks associated with fluctuations in interest rates.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. For cash, the Company only transacts with entities that are rated equivalent to investment grade and above. Other financial assets consist of amounts receivable from related parties.

The Company's credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the Company financial statements, which is net of any impairment losses, represents the Company's maximum exposure to credit risk.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company maintains adequate reserves, by continuously monitoring forecast and actual cash flows.

The Company's financial liabilities are immaterial and therefore no maturity analysis has been presented.

Foreign exchange risk and foreign currency risk management

The Company holds a large portion of its monetary assets in the US Dollars and Euro, mitigating the exchange risk between the US Dollars and Euro and monetary liability in the US Dollars. More information on the foreign exchange risk and foreign currency risk management is disclosed in note 28 to the Consolidated Financial Statements.

40. Related parties

Amounts due from subsidiaries

The Company has entered into a number of unsecured related party transactions with its subsidiary undertakings. The most significant transactions carried out between the Company and its subsidiary undertakings are mainly for short and long-term financing. Amounts owed from these entities are detailed below:

	2023 $'000	2022 $'000
Cadogan Petroleum Holdings Limited	35,659	35,918
	35,659	**35,918**

Refer to note 34 for details on the Company's receivables due from subsidiaries.

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*. In 2023 there were no other employees in the Company. Further information about the remuneration of individual Directors is provided in the audited part of the Annual Report on Remuneration 2023 on pages 44 to 48.

	Purchase of services		Amounts owing	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Directors' remuneration	712	693	54	83
Social contribution on Directors' remuneration	72	72	-	-

The total remuneration of the highest paid Director was $0.5 million in the year (2022: $0.5 million).

41. Events after the balance sheet date

Events after the balance sheet date are disclosed in note 31 to the Consolidated Financial Statements.

Glossary

IFRSs	International Financial Reporting Standards
JAA	Joint activity agreement
UAH	Ukrainian hryvnia
GBP	Great Britain pounds
$	United States dollars
bbl	Barrel
boe	Barrel of oil equivalent
mmboe	Million barrels of oil equivalent
mboe	Thousand barrels of oil equivalent
mboepd	Thousand barrels of oil equivalent per day
boepd	Barrels of oil equivalent per day
bcf	Billion cubic feet
mmcm	Million cubic metres
mcm	Thousand cubic metres
Reserves	Those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves include proved, probable and possible reserve categories.
Proved Reserves	Those additional Reserves which analysis of geoscience and engineering data can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from reservoirs and under defined economic conditions, operating methods

and government regulations.

Probable Reserves	Those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than proved Resources but more certain to be recovered than possible Reserves.
Possible Reserves	Those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recoverable than probable Reserves.
Contingent Resources	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies.
Prospective Resources	Those quantities of petroleum which are estimated as of a given date to be potentially recoverable from undiscovered accumulations.
P1	Proved Reserves
P2	Probable Reserves
P3	Possible Reserves
1P	Proved Reserves
2P	Proved plus Probable Reserves
3P	Proved plus Probable plus Possible Reserves
Workover	The process of performing major maintenance or remedial treatment of an existing oil or gas well
E&E / E&P	Exploration and Evaluation / Exploration and Production
LTI	Lost time incidents

Shareholder Information

Enquiries relating to the following administrative matters should be addressed to the Company's registrars: Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL.

Telephone: 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales.

- Loss of share certificates.
- Notification of change of address.
- Transfers of shares to another person.
- Amalgamation of accounts: if you receive more than one copy of the Annual Financial Report, you may wish to amalgamate your accounts on the share register.

You can access your shareholding details and a range of other services at the Shareholder Portal www.signalshares.com.

Information concerning the day-to-day movement of the share price of the Company can be found on the Group's website www.cadoganpetroleum.com or that of the London Stock exchange www.prices.londonstockexchange.com.

Unsolicited mail

As the Company's share register is, by law, open to public inspection, shareholders may receive unsolicited mail from organisations that use it as a mailing list. To reduce the amount of unsolicited mail you receive, contact: The Mailing Preference Service, FREEPOST 22, London W1E 7EZ. Telephone: 0845 703 4599. Website: www.mpsonline.org.uk.

Financial calendar 2023/2024

Annual General Meeting	June 2024
Half Yearly results announced	September 2023
Annual results announced	May 2024

Investor relations

Enquiries to: info@cadoganpetroleum.com

Registered office

Shakespeare Martineau LLP,

6th Floor, 60 Gracechurch Street, London EC3V 0HR

Registered in England and Wales no. 05718406

Ukraine

48/50A Zhylyanska Street

Business center "Prime", 8th floor

01033 Kyiv

Ukraine

Email: info@cadoganpetroleum.com

Tel: +38 044 594 58 70

Fax: +38 044 594 58 71

www.cadoganenergysolutions.com

References to page numbers throughout this announcement relates to the page numbers within the Annual Report of the Company for the year ended 31st December 2023. In addition all graphs and graphics have been removed for the purposes of the announcement.

[1] Average realised price is calculated as total revenue from oil sales for the period divided by total volume of sold oil for the period

[2] Gross revenues of $7.6 million (2022: $8.5 million) included 0.4 (2022: $nil million) from trading of natural gas, $7.2 million (2022: $8.5 million) from production

[3] Administrative expenses ("G&A")

[4] LTI: Lost Time Incidents; TRI: Total Recordable Incidents

[5] Taxable benefits include insurance provided to the executive and leased car.

[6] 2015 CEO's salary is the sum of Mr. des Pallieres' salary for the period January to June and of Mr. Michelotti's salary for the period July to December.

[7] In relation to performance in 2016 and 2015, the CEO used the entire amount of the bonus to buy at market price newly issued company shares on 22 September 2017.

[8] 2019 Annual bonus is a sum of Mr Michelotti's bonus of $112,140 and welcome bonus for Mr Khallouf equivalent in value of 5,500,000 ordinary shares based on share's price of £0.0525. Welcome bonus for Mr Khallouf was provided in May 2020 based on share's price of £0.03. Respective correction of the bonus reserve equivalent to $185,000 was recognised through share premium account in 2020.

[9] Includes a welcome bonus for Mr Khallouf equivalent in value of 5,500,000 ordinary shares based on share's price of £0.0525.

[10] Mr Michelotti undertook to use the entire bonus to buy company's share at market price in order to leave the Company cash neutral.

[11] Year-end performance-based bonus was an alternative to an up-front sign-on bonus. Mr Michelotti use the entire bonus to buy company's share at market price on 22 September 2017.

[12] $280,298 paid as fees, pension, and loss of office.

[13] From 1 August, 2011.

[14] From 19 March 2009.

[15] All employees mean all employees of the Group, including CEO and other Directors (note 12, page 94).

[16] Please note that the salary of the CEO for 2023 remains at €440,000.