Sirius Petroleum Plc

Annual Report

for the year ended
31 December 2021

Company No 05181462

SIRIUS PETROLEUM PLC

ANNUAL REPORT

For the Year ended 31 December 2021

Company registration number:	05181462
Registered office:	25 Bury Street London SW1Y 6AL
Directors:	**J Pryde –** Chairman **O Kuti** – Chief Executive Officer **M Henderson** – Financial Director **T Hayward** - Non-Executive Director **S Hawkins** - Non-Executive Director
Company Secretary:	**S Hawkins**
Registrars:	**Link Asset Services** 65 Gresham Street London EC2V 7NQ
Bankers:	**HSBC Bank plc** Unit 6C Borehamwood Shopping Park Borehamwood WD6 4PR
Solicitors:	**Fladgate LLP** 16 Great Queen Street London WC2B 5DG
Auditors:	**PKF Littlejohn LLP** 15 Westferry Circus London E14 4HD

SIRIUS PETROLEUM PLC

ANNUAL REPORT

For the Year ended 31 December 2021

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Glossary of Terms

bbl	barrel of oil
boe	barrel oil equivalent
boepd	barrel oil equivalent per day
mmbbl	million barrels of oil
2P	Proven and Probable Reserves
2C	Best Estimate of Contingent Resources
CPR	Competent Persons Report
NPV	Net Present Value

Sirius Petroleum Plc is an Africa-focused oil and gas development, production and exploration company, focused on building a range of diversified producing and development assets, and is pleased to present its audited final results for the year ended 31 December 2021.

Highlights

- Joint Venture agreement signed under which Sirius would become a 30% shareholder in COPDC, which had previously signed a Financial and Technical Service Agreement ("FTSA") with NNPC (Nigeria National Petroleum Corporation) regarding the further development of the OML 65 licence, onshore Nigeria.
    - Credit approval secured for senior funding facility with Trafigura, providing major part of the funding required to deliver the first phase of the approved work programme on OML 65.
    - Master Services Agreement ("MSA") signed with Baker Hughes Company Limited ("Baker Hughes") to provide drilling related services for the Phase 1 development of OML 65 on a fixed price contract basis.
    - Acquisition of a 10% interest in Anglo Tunisia Oil & Gas Limited ("ATOG") for a total consideration of US$4.5m. ATOG has interests in 5 onshore and 2 offshore production, development and exploration licences in Tunisia with c.21mmboe reserves and c.1,500boepd gross production. During 2021, ATOG agreed a farmout with Perenco related to the accelerated development of the offshore Cosmos field.

Post year-end

- January 2022: Sirius announced that it had executed a Senior Loan Facility Agreement ("the Facility Agreement") with Trafigura PTE Ltd, a company within the Trafigura Group ("Trafigura"), to fund Phase 1 of the development of the Proven and Probable Reserves of 51mmbbls[1] on the OML 65 licence.
    - The Facility Agreement provides for up to US$200m, completion subject to customary conditions precedent, to be drawn in tranches and deployed toward the further development of the producing Abura field.
- April 2022: Sirius announces consortium with Somoil S.A., the largest privately owned Angolan oil company ("Sirius-Somoil Consortium"). Sirius-Somoil Consortium awarded exclusive right to acquire participating interests in Angolan offshore producing blocks 18 and 31 and exploration block 27 from with Sonangol Pesquisa e Produção S.A. ("Sonangol"), Angola's state-owned oil company.
- May 2022: Sale and Purchase Agreement ("SPA") signed to acquire participating interests in Angolan producing offshore blocks 18 and 31 of 8.28% and 10% respectively and a 25% participating interest in the exploration offshore block 27, for a total consideration of US$335.5m. Blocks 18 and 31 are collectively producing c.120,000bopd (gross), are generating substantial free cash flows and are operated by Azule Energy ("Azule"), a new company incorporating the combined assets of BP and ENI in Angola. Both blocks have significant medium-term development potential, contain near-field exploration potential and the acquisitions represent an exciting new country entry for the Company.

Foremost during 2021 was the progress of the Company's joint venture with our partner in Nigeria, COPDC and there was significant progress made with formalising this working partnership and our joint goal to complete the proposed OML 65 transaction.

The OML 65 FTSA structure has been designed to deliver a significant uplift in production across a planned multi-phase development programme for this producing licence, and we have been working closely through the year with COPDC and with the NNPC to formalise the approved work programme for phase 1 of the development. We were delighted also to conclude the funding requirements for OML 65 with Trafigura providing up to $200m via a Senior Loan Facility and subsequent further junior debt facilities have also now been successfully concluded to support the development of phase 1 of the approved work programme for OML 65.

Most recently the Company was delighted both to announce its Angola joint venture with Somoil S.A., the largest privately owned Angolan oil company, and our proposed acquisition of participated interests in offshore producing blocks 18 and 31 and exploration block 27 from Sonangol Pesquisa e Produção S.A. ("Sonangol"), Angola's state-owned oil company.

Angola Blocks 18, 31 and 27

Post year-end, the Company announced that the Sirius-Somoil consortium signed a legally binding SPA with Sonangol to acquire participating interests of 8.28% and 10% respectively in the producing Angolan offshore Blocks 18 and 31 and a 25% participating interest in the exploration Block 27, for a total consideration of US$335.5m.

Acquisition Summary

- Acquiring non-operated interests in prolific deepwater production assets with strong cash flow characteristics.
- Current gross production from Blocks 18+31 is averaging c.120,000 bopd.
- Net production entitlement to the Consortium expected to average 11,000 bopd.
- Significant cash flow entitlement given low operating costs and brought forward unrecovered costs
- Major medium and long-term development upside.
- Sirius-Somoil will be making targeted investments in Sonangol social projects in Angola as part of its committed strategy of working with partners to improve lives through sustainability initiatives in the community.

Block 31 - Producing

- Acquiring a 10.0% interest for a total consideration of US$170m.
- Unrecovered brought forward development cost balance of c.$14bn boosts contractor group entitlements, enhancing overall EBITDA/bbl and long-term returns.
- The Block is operated by Azule, and is located offshore some 400 kilometres north west of Luanda.
- The block consists of four producing oil fields; Plutão, Saturno, Vénus and Marte (“PSVM”), which were discovered between 2002 and 2004 in water depths of up to 2,000 metres in the North East part of Block 31.PSVM is the second Azule-operated development in Angola and production started up in December 2012.Licence partners are currently Azule (26.67%), Equinor (13.3%), Sinopec International (15%), Sonangol (45%).
- Current gross production from the block is averaging c.60,000 bopd.
- Gross 2P/2C reserves of 275mmbbls relate to existing production and sanctioned developments, according to the operator.
- Further gross 2C resources of 516 mmbbls from existing discoveries, according to Gaffney Cline & Associates.
- Future payments, on new developments within the block, are contingent on sustained high oil prices (>=$75/bbl) and first oil from long-term developments.

Block 18 – Producing

- Acquiring an 8.28% interest for a total consideration of US$165m.
- The block is operated by Azule and is located offshore, 160 kilometers northwest of Luanda. Eight discoveries have been made in this block, of which the fields Galio, Cromio, Cobalto, Paladio, and Plutonio make up the first producing complex known as Greater Plutonio.
- Production started in 2007 and remains at material levels. Late last year the Platina project started production adding significant volumes and reserves to total block production. Licence partners are currently Azule (26.67%), Equinor (13.3%), Sinopec International (15%), Sonangol (45%).
- Current gross production from the block is averaging c.60,000 bopd.
- Gross 2P/2C reserves of 220mmbbls relate to existing production and sanctioned developments, according to the operator.
- Future payments, on new developments within the block, are contingent on sustained high oil prices (>=$75/bbl) and first oil from long-term developments.

Block 27 - Exploration

- The Consortium is acquiring a 25.0% non-operated interest in this deepwater exploration and appraisal block for a total consideration of US$0.5m.
- The block is located offshore in the Kwanza basin, an area known for its gas potential.

The Proposed Acquisition is conditional upon satisfactory due diligence ("DD") being conducted, and following signing of the SPA, the Consortium will enter a period of DD of the data for blocks 18, 31 and 27, supplied to the Consortium by Sonangol. The economic effective date of the Transaction is April 2022. Completion is expected to take place in 2022, subject to customary conditions and approvals. The Consortium expects that the Proposed Acquisition will be financed through the provision of new debt facilities.

OML 65 FTSA

- On 14 May 2021, the Company announced its joint venture with COPDC Petroleum Development Company Limited ("COPDC"). Under the agreements Sirius becomes a 30 per cent shareholder in the joint venture company COPDC which has executed agreements with NNPC regarding the further development of the OML 65 licence, onshore Nigeria.
    - OML 65 is a producing onshore block with 2P reserves of 51 mmbbls, according to a Gaffney Cline & Associates CPR dated May 2021:
    - The existing producing field, Abura, has been in production since the 1970s, has been ascribed 16.2 mmbbls remaining 2P reserves[1] and is currently producing c.10,500 bopd.
    - OML 65 also contains two further discovered and appraised fields, Owopele and Osioka, which have not been developed to date and will form part of the forward work programme. The two discovered fields contain an estimated 34.9 mmbbls additional 2P reserves[1].
    - In addition, there are two targeted deeper prospects at Abura and Osioka containing an additional 227mmbbls oil in place[1].
    - The existing production facilities and infrastructure servicing the Abura field are capable of handling up to 40,000 bopd.
    - Sirius and COPDC will assume de-facto operatorship of the block and will lead an Approved Work Programme ("AWP") to develop and produce the remaining reserves on OML 65.
    - There was no consideration paid related to the entry into the JV or related to the execution of the FTSA with NNPC.
    - The Company signed a MSA with Baker Hughes for the provision of drilling related services for the further development of the Abura field, representing Phase 1 of the AWP and involving the drilling of up to 9 development wells. Baker Hughes will provide its equipment and services on a fixed proce contract basis.
    - The first phase of the AWP is estimated to boost production by up to 11,000 bopd.
    - The Company also executed a Facility Agreement with Trafigura, post year-end, for the provision of the majority of the funding required for the execution of Phase 1 of the AWP. The facility agreement can be upsized to accommodate the Phase 2 development of the AWP, involving the development of the Owopele and Osioka fields.
    - Post year-end, the Company executed agreements with a range of institutional investors for the provision of US$15m of subordinated funding, to support the Trafigura senior facility, related to the Phase 1 development.

[1] According to the Gaffney Cline CPR dated May 2021

Tunisian Onshore and Offshore Portfolio Interests

On 7 November 2020, we announced the execution of agreements related to the proposed acquisition of an economic interest of up to 40% in ATOG. The acquisition was to be completed in phases, involving cash payments and the issue of ordinary shares in the Company.

During the financial year, the Company executed revised agreements with Omega Financial Corporation ("Omega"), a founder shareholder of ATOG, and with ATOG itself, related to the acquisition of the proposed interest in ATOG. Under the terms of the revised Agreement and the consideration paid to date, the Company has acquired a 10% equity interest in ATOG through:

- A cash payment of US$500,000, made in November 2020.
- The issue of 164,365,714 ordinary shares at 1.75p per share amounting to US$4.0m which will be subject to orderly market conditions following the Company's proposed IPO on AIM. The shares were issued on 28 June 2021.

During the financial year ATOG agreed a farm out of the Cosmos licence to Perenco, a leading international oil and gas company. The terms of the farm-in envisage a significant investment of capital by Perenco towards and assumption of operatorship of the proposed development of the Cosmos offshore licence with first oil targeted for the third quarter of 2023.

With the completion of this farmout transaction means that the 10% interest acquired in ATOG by Sirius provides our shareholders exposure to a fast-track development. Sirius also concluded not to increase its interest in ATOG which has also resulted in reducing Sirius’ cash acquisition payment obligations by US$7.35m, substantially strengthening the Sirius working capital position, while still retaining and also maintaining the Company’s interest in the longer-term benefits from the ATOG portfolio. Sirius is excited by the significant potential for long-term value creation within the ATOG portfolio.

As previously reported, the ATOG portfolio comprises five Tunisian onshore licences in the Ghadames basin, three of which are operated, by ATOG, and two offshore operated licences in the Gulf of Hammamet, off the north east coast of Tunisia. The portfolio is currently producing approximately 1,500 boepd from three onshore licences:

- One operated by ATOG (Bir Ben Tartar);
- Two operated by ENI (Adam and Borj el Khadra); and
- The increased capacity with the newly commissioned Nawarra gas pipeline ($1.2 billion investment by its owner) will facilitate increased production at the ENI operated licences, which was previously production constrained.

The portfolio contains gross 2P reserves and 2C contingent resources of c.21 mmboe;

Ororo update

Following the expiry of the licence on the Ororo Field in 2019, our partners applied for a further extension to the term of the licence from the Department of Petroleum Resources (“DPR”) in Nigeria. The granting of any extension to the term of the licence will require the approval of the Minister of Petroleum and we would highlight that the DPR has been very busy throughout 2020 and 2021 addressing the backlog of licence renewal applications due to Covid-19, the second Marginal Fields Bid Round and the process to secure approval of the Petroleum Industry Bill. The Board remains confident that the Group will be able to obtain a further extension to the term of the licence, which has already been granted on two previous occasions, therefore management has assumed that this will be renewed.

An updated CPR was prepared in March 2021, giving a mid-case net present value of the asset of $127.6m based on a dry gas price of $3 per mscf for the life of the field, and a low case net present value of $42.7m. These valuations support the value of the investment held on the Statement of Financial Position and support the view that no impairment triggering events have occurred. The Group intends investing further amounts into the Ororo Field, as part of its strategic development plans. Should the licence renewal process not succeed, the intangible asset would have to be fully impaired.

Financial Summary

The loss after tax was $8,191,000 in 2021 which has decreased from $9,739,000 in 2020, with administrative expenses of $4,219,000, excluding share based payments. Total assets were $22,301,000 in 2021 (2020: $17,582,000), with liabilities of $25,693,000 (2020: $21,277,000) and total equity was ($3,392,000) (2020: ($3,695,000)).

During the year the Group raised $167,000 (2020: $2,711,000) through convertible loans of which $102,000 (2020: $668,000) was converted and $129,000 (2020: $151,000) including interest was repaid during the year. In addition, $167,000 (2020: $4,750,000) was raised in short term loans and total repayments of $Nil (2020: $3,672,000) were made in capital and interest during the year.

The results for year ended 31 December 2021 reflect the costs incurred during the period to continue to build the Company’s infrastructure, funding our London and Nigerian operations and the costs of work carried out assessing further potential assets, one of which concluded with our agreement with Anglo Tunisia Oil and Gas Limited.

The operating loss for the year amounted to $5,835,000, an increase of $773,000 on the year ended 31 December 2020 operating loss of $5,062,000, giving a loss per share of 0.20 cents (31 December 2020: 0.26 cents loss per share).

Strategy

The Company’s strategy is to acquire and develop valuable and marketable low risk assets in the Africa E&P arena, working in partnership with asset owners, operators and funding partners. The Board is very encouraged by the recent progress made during 2021 and during the first half of 2022.

The Company will continue to appraise opportunities to farm into or acquire oil and gas assets which meet our investment criteria and are located in major proven complexes. Sirius will continue to progress the excellent working partnerships which have been developed to date with asset owners, operational and funding partners.

Outlook

We have made significant progress during the first half of 2022, as highlighted above, and look forward to progressing the development work across the portfolio. We are delighted to have progressed to the full funding of the OML 65 transaction and most recently progressing the work to complete the proposed acquisition of the prolific Angolan assets later during this year. Overall, the progress in the development of the portfolio provides a solid basis for the planned re-Admission of the Company’s shares to trading on London’s AIM in the forthcoming year.

Annual General Meeting

The Notice of Annual General Meeting is attached.

J Pryde
Chairman

O Kuti
Chief Executive Officer

23 December 2022

The Directors present their annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2021.

Principal activity

The Group's principal activity is to maintain and grow production from existing producing oil and gas assets, with development and exploration upside, with a focus on North and West Africa.

Domicile and principal place of business

Sirius Petroleum Plc is domiciled in the United Kingdom, which is currently also its principal place of business. It is expected that the Group's activities will be focused in North and West Africa once the proposed transactions have completed.

Financial risk management objectives and policies

The Group's principal financial instruments comprise cash and loans. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial instruments such as trade and other receivables and trade payables, which arise directly from its operations. The Group does not enter into derivative transactions.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risk currently arising from the Group's financial instruments is liquidity risk. The Board reviews and agrees policies for managing this and other risks and these are summarised below.

Liquidity risk
The Group's cash flow has historically been constrained as the Group has developed its business proposition. As a consequence, the Board of Directors continually reviews the cash available to the Group and seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. Please see note 18 for further details.

Interest rate risk
The Group has not been exposed to significant interest rate risk. As the Group evolves, and in particular with the proposed transactions, this exposure is likely to increase and the Directors will introduce appropriate policies to deal with this risk at that point in time. Please see note 18 for further details.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group reviews the credit risk of the entities with whom it enters into contractual arrangements. Please see note 18 for further details.

The Company maintains directors' and officers' liability insurance which gives appropriate cover for any legal action brought against its directors. In accordance with section 236 of the Companies Act 2006, qualifying third-party indemnity provisions are in place for the directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. Both the insurance and the indemnities applied throughout the financial year ended 31 December 2021 and through to the date of this report.

Going concern

The Directors have prepared cash flow forecasts for the period up to December 2023 based on the completion of the OML65 transaction that has been discussed in the Chairman's statement. The Angolan acquisition has been excluded from these forecasts as it is subject to separate funding arrangements.

The Group has executed a senior secured term loan facility of up to $200m with Trafigura to cover its capital expenditure requirements, and a $20m working capital facility as part of the OML65 offtake agreements, which acts as an advance payment facility with sums drawn based on accumulated production volumes and repaid at the point of a lifting. The Group also has committed mezzanine loan and equity funding totalling $15m. The equity can be utilized for general working capital purposes, including repayment of all existing loans and creditors that are outstanding at the present time.

The projections indicate that the Group would have sufficient cash to cover liabilities as they fall due in the going concern period. This includes fully repaying all non-convertible loans and creditors that are outstanding or overdue for settlement at the present time. All loans and other creditors are due for payment within one year.

The Directors therefore believe that the Group and parent company will have sufficient cash resources to meet its liabilities as they fall due for a period of at least 12 months from the date that the financial statements are signed. Consequently, the financial statements have been prepared on a going concern basis.

Subsequent events

On 8 March 2022, 73,887,557 Ordinary shares of 0.25p were issued for cash raising $1,217,150 (£928,313).

On 10 March 2022, 33,333,333 Ordinary shares of 0.25p were issued for cash raising $657,121 (£500,000).

On 12 May 2022, 19,666,667 Ordinary shares of 0.25p were issued for cash raising $360,144 (£295,000).

On 20 May 2022, 1,333,333 Ordinary shares of 0.25p were issued for cash raising $24,948 (£20,000).

On 19 August 2022, 83,260,619 Ordinary shares of 0.25p were issued for cash raising $2,000,000 (£1,665,212).

On 30 August 2022, 6,437,567 Ordinary shares of 0.25p were issued for cash raising $140,914 (£117,085).

Additionally, a number of agreements were signed in relation to OML65, as described in further detail in the Chairman & CEO's statement. Although the Group is only a 30% shareholder in COPDC, it will be consolidated on the basis that substantially all cash flows generated by COPDC wil be swept by the Company, under the terms of a Facility Agreement executed between the Company and COPDC. This arrangement remains in place until the Company has recovered all sums invested by the Company, via COPDC, to fund the approved work programme on OML65. Additionally, the Company is entitled to appoint a number of number of Directors to the Board of COPDC such that it exerts a significant influence over executive decisions within COPDC.

The Board also anticipate that the Sirius/Somoil JV will be consolidated into the Group accounts as it will be controlled by the Company.

Directors

The current membership of the Board and those directors who served during the year is set out below. There were no changes during the year, or since the year end.

J Pryde
O Kuti
M Henderson
S Hawkins
T Hayward

Payment to suppliers

It is the Group's policy to agree on appropriate terms and conditions for its transactions with suppliers by means ranging from standard terms and conditions to individually negotiated contracts and pay suppliers according to agreed terms and conditions, provided that the supplier meets those terms and conditions. The Group does not have a standard or code dealing specifically with the payment of suppliers.

Principal risks and uncertainties

The Group's overall approach to risk management is to employ suitably skilled personnel and implement appropriate policies and procedures. The risks we face have evolved over the course of the year as the business has developed and external factors have impacted the environment in which we operate.

Responsibility for reviewing the system of Risk Management rests with the Audit Committee of the Board, which has reviewed and approved the measures that are being taken to mitigate the most significant risks.

The principal risks faced by Sirius during 2021 relate to strategic risks associated with the growth of the organisation and the economic climate together with liquidity risk given the lack of income.

Liquidity risk
The Group's cash flow has historically been constrained as the Group has developed its business proposition. As a consequence, the Board of Directors continually review the cash available to the Group and seek to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs.

Exploration Risk
Exploration activities can be capital intensive and may involve a high degree of risk. Thus, budgets are produced by experienced individuals and reviewed to ensure best practice exists. Exploration programmes are approved by the Board.

Oil Price Risk
The oil price is subject to market conditions which are outside of the Group's control. The decision to invest in any oil drilling will be made based on the latest and forecasted oil prices and approved by the Board.

Nigeria country risks
President Buhari's administration initiated many structural reforms within the NNPC and the MPR to provide clarity, transparency and accountability within the Nigerian oil and gas industry. These reforms continue to support indigenous projects. The Group believes that the strong relationships developed with the two indigenous Nigerian companies that are the other shareholders in the OML 65 Joint Venture company, COPDC, namely Ocean Marine Solutions and Compact Manifold Engineering Services, will support the Board's efforts to manage country risks in Nigeria. The Group also maintains that its existing relationship with Owena, the energy arm of the Ondo State Government, will enhance its access to proven oil discoveries located within Ondo State.

Tunisia country risks
Tunisia is ranked number 69 on Transparency International's most recently published Corruption Perception Index ("CPI"). Tunisia is not designated as high risk, and has well-evolved legal systems in place, however the Group's policies, procedures and working practices need to remain fit for purpose and be regularly reviewed and updated as required. There is some risk of labour unrest in Tunisia, however the Group's partners have developed strong relationships with its workforce and labour representatives in the country.

Health, Safety, Security and Environment
Sirius is fully committed to ensuring the health, safety and security of all personnel who are directly involved in, or affected by, the Group's operations and full compliance with environmental legislation and standards. As part of this commitment, the Group reviews the HSS&E policies and procedures on a regular basis, integrated with the Group Safety Management System (SMS) to ensure full compliance with industry 'best practice', and international and local rules and regulations.

Environmental compliance and management is a priority and the Group is committed to ensuring that all the appropriate steps are taken to ensure any environmental impacts resulting from the Group's operations are kept to a minimum. Consistent with international and local requirements, Sirius conducts Environmental and Social Impact Assessments ('ESIAs') and ensures that environmental approvals from the relevant authorities are in place prior to embarking on any new projects.

Loss of key employees
Loss of knowledge and skills to the Group in particular countries of operation is a key risk. In response to this risk, remuneration policies are designed to incentivise, motivate and retain key employees.

Taxation and other legislation changes
Operating in developing countries has the additional risk of significant changes in taxation legislation on oil field profits or other legislation. Maintenance of good open working relationships with local authorities in the countries of operation is therefore critical.

Covid-19 Risk
Systems have been in place for a number of years to enable Directors and staff to work remotely, and Covid-19 has had little impact on operations to date. However, there remains a risk that Covid-19 could affect future supply chains.

Inflationary environment
Rising costs are a risk to the business, but likely to be more than offset by the rise in oil prices. The contract with Baker Hughes for drilling wells for the OML 65 licence is on a fixed price basis, reducing the exposure to rising prices.

Future prospects

As a result of the progress made during the latter half of 2021 and more recently with the transformational Nigeria and Angola transactions the Board believes that the Company is now in a very strong position to make significant progress through the second half of 2022 and beyond.

Directors' Responsibilities Statement

The Directors are responsible for preparing the Group's Annual Report and the company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Consolidated financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ("IFRS") and to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice "United Kingdom Accounting Standards and applicable laws", including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the Directors must not approve the financial statements unless they are satisfied they give a true and fair view of the state of affairs and profit or loss of the company and group for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the 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.

The Directors confirm that:

- so far as each Director is aware there is no relevant audit information of which the Group's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

PKF Littlejohn LLP has expressed willingness to continue in office. In accordance with section 489(4) of the Companies Act 2006, a resolution to reappoint PKF Littlejohn LLP will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD

S Hawkins
Company Secretary
23 December 2022
Company Number: 05181462

The Company is not required to include its Corporate Governance Statement as it is not listed, but has opted to do so. Certain disclosures may not have been included as they are not considered relevant at the current time.

The board recognises the importance of good corporate governance and has adopted the QCA (Quoted Companies Alliance) Corporate Governance Code.

The QCA Code sets out 10 principles that should be applied. These are listed below together with a short explanation of how the Company applies each of the principles:

Principle One
Establish a strategy and business model which promote long-term value for shareholders

Sirius' strategy focuses on lower risk reserves with prior and/or near term or current production and/or proven engineering. It is intended to build a range of near producing and producing oil and gas assets which will also benefit from additional development and appraisal upside.

- The Nigerian, Tunisian and the proposed Angolan onshore and offshore fields provide a petroleum geology with a proven track record of development and production.
- Sirius' management team and JV partners are supported by a team of world-class service providers, mitigating completion and operating risk.
- Credit risk is mitigated by a tight deal structure and high-grade offtakers.
- Sovereign risk is mitigated both by deal structure and insurance (as available).

Principle Two
Seek to understand and meet shareholder needs and expectations

The Board and its advisers remain ever diligent to the requirements and expectations of the Company's shareholders, and discuss and assess the key areas on a regular basis in line with best practice. The Company ensures that information is shared in an appropriate and timely manner. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company and all shareholders are encouraged to attend the Company's Annual General Meeting. It is notable that whilst the Company remains in a phase of development that effective communication is often challenging given the requirements of best practice disclosure and the commercial sensitivities of the business and its current and potential future commercial partners. Investors can also communicate with the Company via email on ir@siriuspetroleum.com.

Principle Three
Take into account wider stakeholder and social responsibilities and their implications for long term success

The company has identified its major stakeholders as being:

Internal – Employees and consultants in both UK & Africa

External - Partners/co-owners
- Key Suppliers
- Customers
- Financial advisors and backers
- Regulators

The Board has regular contact with all of its stakeholders, and feedback is considered on a continuous basis by management. Due to the fast-moving operational phase minor changes to our planned work streams are implemented on a daily basis.

Sirius and its subsidiaries and associates have a corporate responsibility to operate as safely as possible and to support the local communities and landscape. Through employing locally and working to provide benefits to the local communities, Sirius aims to become an asset to the local areas. Sirius adheres to a Community Relations Policy which aims to benefit the local communities. We believe that good community relations will aid Sirius to deliver shareholder value. Corporate Social Responsibility can; create consumer trust and increase sales; create employee morale and attract employees.

Principle Four

Embed effective risk management, considering both opportunities and threats, throughout the organisation

Risks and their respective mitigation may be summarised as follows:

Completion Risk: All drilling and related services are provided by experienced, world-class service providers under turnkey contracts, minimizing financial risk to Sirius and its partners.

Dry-hole Risk: Minimal. The Tunisian and Nigerian assets are producing fields and/or have been drilled and flowed and will be subject to further development wells.

Operational Risk: Strong service providers.

Experienced management, with individual project teams having substantial experience of relevant assets in Tunisia and Nigeria.

Repayment Risk: The direct source of repayment will be the cash flows coming from the offtaker

- Payments from offtaker will flow into a Collection Account under the control of a Trustee/Admin Agent.
- Debt service payments by Trustee/Admin Agent made directly to lenders, not through Sirius.
- Cash cost recovery is prioritised and overall cash waterfall is administered by Tier One international bank.

Commodity Price Risk: Oil prices can be hedged under the offtake contracts.

Market Risk: Firm offtake contracts eliminate market risk.

Health, Safety and Security: In-house senior risk manager

- Nigeria Onshore Security and Emergency Management Response managed by COPDC JV

Convertibility and Transfer Risk: OML 65 FTSA confers strong protection against Nigeria risk. Full crude marketing rights and Abura field located adjacent to existing infrastructure.

Sovereign Risk: Mitigated by the transaction structure and economic imperative for continued oil exports.

Principle Five

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

Board Composition

The Board is aware that it does not conform to good Corporate Governance recommendations in relation to the diversity of its board. Following advice from the AIM Regulation Team and the Company's NOMAD, Allenby Capital, the Board has agreed to add an additional Non-Executive Director to the Board and will make all reasonable endeavours to ensure greater Board diversity as per good Corporate Governance recommendations.

As the company grows and the size of the board increases the Company intends to rectify this. Our senior management team is drawn from diverse backgrounds throughout the world.

The Company supports the concept of an effective board leading and controlling the Company. The Board is responsible for approving Company policy and strategy. It meets on a regular basis and has a schedule of matters specifically reserved to it for decision. Management supply the Board with appropriate and timely information and the Directors are free to seek any further information they consider necessary. All Directors have access to advice from the Company Secretary and independent professional advice at the Company's expense.

The Board consists of three executive and two non-executive Directors, who bring a breadth of experience and knowledge. This provides a balance whereby the Board's decision making cannot be dominated by an individual. The Chairman of the Board is Mr Jack Pryde.

Evaluating board performance against primary objectives

The Board recognises that its primary objective is to ensure it delivers shareholder value in the medium to long term. In addition to this it recognises that individual Board members and committees have various responsibilities and objectives. At this stage of development, the Company has not identified criteria against which the Board, committees and individual Directors are measured although, in line with the Company's corporate culture and its strategy, it makes best efforts to operate in an ethical and honest manner with all of its employees, operational and funding partners, asset co-owners and other stakeholders at all times and continue to strive to be innovative and efficient in delivering value for shareholders and other stakeholders in the business.

Board disclosures

The executive-directors each work in excess of 35 hours per week for the company, and the non-executive directors are expected to work 8 hours per month on average. The two non-executive directors are considered to be independent. Their minor interests in shareholdings and the company's share option scheme are not considered to be an impediment to their independent status.

The Board of Directors holds scheduled Board meetings approximately four times per year plus such other ad hoc meetings as are deemed necessary to deal with urgent business matters. All the necessary information is supplied to the Directors on a timely basis to enable them to discharge their duties effectively. At Board meetings, there is a formal schedule of matters reserved for consideration by the Board and other matters are delegated to Board committees.

The Board is responsible for leading and controlling the Company and in particular for formulating, reviewing and approving the Company's strategy, budget, major items of capital expenditure, acquisitions and senior personnel appointments.

Below shows the number of board and committee meetings held during the year, together with the attendance records.

	Scheduled Board	Ad-hoc Board	Audit Committee	Remuneration Committee	Nominations Committee
Number attended					
J Pryde	4	13	-	-	-
O Kuti	4	13	-	-	-
M Henderson	4	13	-	-	-
T Hayward	4	13	2	2	-
S Hawkins	4	13	2	2	-
Total number held	4	13	2	2	-

Internal control

The Board is responsible for maintaining a strong system of internal control to safeguard shareholders' investment and the Group's assets and for reviewing its effectiveness. The system of internal financial control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board has considered the need for an internal audit function but has decided the size of the Group does not justify it at present. However, it will keep the decision under annual review.

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

Members of the Board

Jack Pryde, Chairman
Mr Pryde, is a Chartered Certified Accountant and has held various senior management positions in the investment banking industry. He is a former director and head of corporate finance at Henry Ansbacher & Co. and a former Vice President of corporate finance at Canaccord Capital. He left Jefferies International as director of equity capital markets in May 2010. He has extensive experience of advising companies in the resources and energy sectors. He has been the Chairman of Sirius since March 2011.

Jack encourages ideas and opinions from all Board members and maintains a very open dialogue with senior management, always encouraging open-mindedness across all employees. He keeps abreast of regulatory changes affecting AIM listed companies as well as changes to disclosure regulations and international accounting standards with regard to the Company’s financial statements. He also brings excellent personal skills and experience when working and liaising with employees and the Company’s broad range of other stakeholders.

Olukayode Olufemi Kuti, Chief Executive Officer
Mr Kuti, obtained a BA from Duke University, USA. He studied Economics & Psychology and also received a Markets and Management Certificate. Since University he has worked as an Investment Advisor for a South African investment fund, Huxton Capital. He was instrumental in the formation and structuring of the Company’s contact base in Nigeria and has responsibility for maintenance of those relations. He has been the CEO of Sirius since September 2013.

Mark Henderson, Chief Financial Officer
Mr Henderson, is a Chartered Accountant and has focused on analysis of the global energy sector for over 20 years. He was a Director and Head of Oil & Gas at Stockdale Securities and a former Director CoHead of European Oil & Gas Equity Research at Credit Suisse Securities. Mr Henderson also held a number of senior roles at a number of oil and gas and investment companies and firms, including serving as an Investor Relations Consultant at Eurasia Drilling Company, conducting project management at Enersol Corporation and serving as a Branch Manager at Wolfgang Steubing AG, as a Senior Equity Analyst at Commerzbank Securities and as an Equity Analyst at Deutsche Morgan Grenfell. In addition, between 1999 and 2003, Mr Henderson served as a Sector Portfolio Manager at the Abu Dhabi Investment Authority.

Mark has developed a thorough understanding of oil and gas markets from his time as an equity research analyst and built a comprehensive network of relationships within the investment community, particularly those with a focus on oil and gas. Mark’s analytical skills and corporate finance experience are important attributes in ensuring that Sirius is successful in taking advantage of the substantial business development opportunities that exist in Africa.

Toby Jonathan Hayward, Non-Executive Director and Senior Independent Director
Mr Hayward, is a chartered accountant and has been an investment banker since 1984. He was a director of corporate finance at Singer & Friedlander Limited and Henry Ansbacher & Co. Limited before becoming Head of Oil and Gas Equity Capital Markets at Canaccord Adams. He joined Jefferies International Limited as a managing director in 2005 with responsibility for the UK Equity Capital Markets and listed clients in the exploration and production sectors. He also undertook nominated adviser responsibilities. He left Jefferies in June 2008 to concentrate on a number of private initiatives. He has also previously held the positions of chairman and non-executive director at Severfield plc and Non-executive director and interim CEO at Afren plc.

Toby has experience of running UK-listed company boards and is a senior independent member of the Sirius Petroleum Plc Board. He is also Chairman of the Remunerations Committee. He is very experienced in the UK market regulatory environment both AIM Rules for Companies, UKLA and the latest disclosure obligations under the European Market Abuse Regulations (MAR) designed to provide a uniform and transparent legal framework of investor protection across EU capital markets.

Simon John Lindsay Hawkins, Non-Executive Director and Company Secretary
Mr Hawkins, has over 30 years of experience in oil and gas finance, having worked in both the industry and in investment banking, and had nine years' international experience with the Royal Dutch Shell group of companies in London, The Netherlands and Nigeria, he became a director and equity analyst at UBS, Dresdner Kleinwort, Ambrian Partners, MF Global and N+1 Singer. After two years at Afren plc, where he was the global head of investor relations, Mr Hawkins served for a year on the board at Sirius. He is a member of the Chartered Institute of Public Finance & Accountancy, holds a BSc Econ (Hons) in Economics from the University of Wales and a postgraduate certificate in Oil and Gas Financial Management from the University of North Texas. Mr Hawkins was ranked number one by Thomson Extel for his coverage of European Gas while at UBS.

Having developed considerable experience in both the oil and gas industry and the financial markets, Simon has a calm and measured approach which he brings to the Board. He has a strong sense of creativity, but at the same time he is uncompromising in choosing the right path in difficult circumstances. He keeps up to date with AIM Rule changes and UK Companies law as part of his role as Company Secretary and NED.

Principle Seven
Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

Board Performance
The Board recognises that its primary objective is to ensure it delivers shareholder value in the medium to long term. In addition to this it recognises that individual Board members and committees have various responsibilities and objectives. At this stage of development, the Company has not identified criteria against which the Board, committees and individual Directors are measured although, in line with the Company's corporate culture and its strategy, it makes best efforts to operate in an ethical and honest manner with all of its employees, operational and funding partners, asset co-owners and other stakeholders at all times and continue to strive to be innovative and efficient in delivering value for shareholders and other stakeholders in the business.

External Advisors
The Board and its committees obtain advice from the following external sources:
PKF Litttlejohn LLP (audit committee)
Fladgate LLP (legal advice to both Board and committees)
Allenby Capital Ltd (Nomad providing advice to both Board and committees)
Separate transaction advisors are used as appropriate.

Principle Eight
Promote a corporate culture that is based on ethical values and behaviours

The Company's ethos is to provide a working environment which promotes innovation and efficiency whilst also being mindful of the core values of honesty, empathy and commitment, which the Company makes best efforts to support with each member of the Sirius team. In addition, the Company always looks to support the personal and professional progression of each member of the team where it is able to do so.

This ethos is replicated with the Company's operational partners, co-owners and funding partners, where the Company's policy is committed to a working ethos that is both innovative and productive for each stakeholder working in partnership with the Company.

As yet at early stages in its development, the Company's corporate culture will also be translated into the community-based projects that it commits to in the future.

Principle Nine

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

In accordance with the Companies Act 2006, the Board complies with: a duty to act within their powers; a duty to promote the success of the Company; a duty to exercise independent judgement; a duty to exercise reasonable care, skill and diligence; a duty to avoid conflicts of interest; a duty not to accept benefits from third parties and a duty to declare any interest in a proposed transaction or arrangement.

The Chairman's primary responsibility is in maintaining an effective Board. Management of the Company's day to day operations and communications with stakeholders and shareholders are delegated by the Board to the Executive Directors and Senior Management. Other role delegations are discussed below. However, it is the responsibility of the whole Board to continuously monitor the governance structure, particularly at points of significant change in the business, to ensure that the structure remains fit for purpose.

As the Company grows the Board will be diligent as to the balance between its Corporate Governance framework and the Company's strategic growth plans and always aims to maintain a degree of balance so that achieving growth in line with the strategy can sit comfortably alongside the Company's corporate culture and ethos.

The Board has established subcommittees of the Board, comprising an Audit Committee, a Remuneration Committee and a Nominations Committee.

Audit Committee

The Audit Committee comprises Simon Hawkins (Chairman) and Toby Hayward. The Audit Committee meets at least half yearly and will be responsible for ensuring that the financial performance of the Group is properly monitored and reported on, as well as meeting the auditors and reviewing any reports from the auditors regarding accounts and internal control systems.

As the Company is not listed, the Directors do not feel that a full audit committee report is relevant. The Audit Committee considered the significant issues raised in the report of the auditor below on pages 22-24, and the significant estimates, judgements and risks considered are discussed on pages 37-38 of this report. As a result of Grant Thornton LLP no longer having a specialist Oil & Gas team, the Audit Committee have appointed PKF Littlejohn LLP as auditors for the Company for the year ended 31 December 2021, and have no plans to retender in the near future

Remuneration Committee

The Remuneration Committee comprises Toby Hayward (Chairman) and Simon Hawkins. The Remuneration Committee meets at least twice a year and has as its remit the determination and review of, amongst other matters, the remuneration of Executive Directors and any share incentive plans adopted, or be adopted, by the Company.

The Remuneration Report is shown below.

Nominations Committee

The Nomination Committee, chaired by Jack Pryde, and is joined by Toby Hayward and Simon Hawkins, non-executive directors, deals with succession planning, and additions to the Board. Due to the current size of operations it meets on an ad hoc basis when necessary.

Principle Ten

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

The vast majority of our shareholders are retail investors and we seek to engage with them at our Annual General Meetings, where the Directors' are available to answer questions. The company is also available to discuss any issues shareholders may have between AGMs. Shareholders can also communicate with the Company via email on ir@siriuspetroleum.com.

The Board continually evaluates the most effective ways of engaging with its shareholders, whilst at the early stages, and particularly during times of little or no news flow, shareholder engagement has been challenging given the inherent commercial sensitivities of the Company's commercial discussions and the disclosure requirements under the AIM Rules for Companies, that until now the Company has been subject to, and as the company grows it will consider creating shareholders' forums to meet on a regular basis and as budgets permit to increase the functionality of the Company's website.

Sirius Petroleum: Section 172 statement

The Directors have acted in a way that they considered, in good faith, to be most likely to promote the success of Sirius Petroleum Plc for the benefit of its stakeholders, and in doing so had regard, amongst other matters, to:

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

In the Chairman's Statement and Strategic Report sections of this Annual Report, the Company has set out its strategy, and the actions that have resulted both during 2021 and post year end.

The Company interacts with a variety of stakeholders important to its success including finance providers, equity investors, the management of ATOG, COPDC and operational and technical partners to OML 65, NPDC and NNPC and advisors to the Company, employees and suppliers. The Board does engage directly with certain key stakeholders on certain issues on a regular basis at the operational level, particularly in-country with operational and technical partners.

The Company will be working with its asset and operational partners across a range of sustainability projects designed to benefit the relevant localities of the operations. Sirius Petroleum's aim is also to actively support local indigenous companies wherever possible in its areas of operation, working with local and national partners which can sustainably support local community projects.

The Company strives to strike the right balance between engagement and communication. Furthermore, the Company works within the limitations of what can be disclosed to the various stakeholders with regards to maintaining confidentiality of market and/or commercially sensitive information.

Who: Key Stakeholder Groups	Why: why is it important to engage this group of stakeholders	How: how Sirius engaged with the stakeholder group and outcomes
Equity Investors and Business Partners	Access to capital is of vital importance to the Group to ensure long-term success.	The Board engages with investors at the AGM, through news releases on the website, and maintains regular dialogue with key investors, and business partners. The Group has successfully raised funds for working capital purposes throughout the year, and post year end has finalised the financing required for the OML 65 transaction.

Workforce	The Group's long-term success is predicated on the commitment of our workforce to our vision and the demonstration of our values on a daily basis.	The Directors ensure that regular communication takes place with all employees and consultants, and has place long-term incentive schemes.
Key suppliers and Advisors	A good relationship with key suppliers is essential to ensure timely supplies so as to not interrupt operations. Key advisors are essential to ensure we maintain good governance in all areas.	Regular communication takes place with all key advisors and suppliers. The Group has not experienced any problems with suppliers or corporate governance issues during the year.
Governmental Bodies	The Group does not directly maintain licences, but supports our partners with regard to this.	The Group maintains a dialogue and keeps up to date with any changes in requirements. The Group has had no problems in this regard.

Key decisions taken and other factors encountered through the period and post year end are as follows:

Area of Engagement	Detail	Mitigation
ATOG transaction	Agreements for the acquisition of a 10% economic interest in ATOG.	Transaction met with Company's investment criteria. In line with Company strategy to build portfolio of assets with producing, development and exploration potential. Working in partnership with highly experienced asset owners/management operational team with strong local community relations.
OML 65 transaction	Acquired 30% of COPDC JV to operate producing OML 65 block with multiple development prospects. 15-year agreements to operate and develop OML 65.	Strong partnership with COPDC, leading JV in Nigeria. Acquisition meets with Company's strategy to build portfolio of producing and development assets in partnership. Transformational acquisition providing significant runway of future production with approved work programme and strong cash generative characteristics. COPDC partners have strong in-country track record of efficient operations and local community relations.
OML 65 Development funding (post year end)	Execution of a senior funding facility of up to $200m with Trafigura. Funding to support approved capex programme in first phase of development of OML 65.	Tier One funding partner aligned with the development of this strategic asset. Company has put in place very strict financial controls over cash waterfall from operations.
Acquisition of non-operated interests in Angola	Execution of SPAs related to the acquisition of non-	Transaction met with Company's investment criteria.

	operated interests in Blocks 31, 18 and 27 in Angola	Acquisition meets with Company's strategy to build portfolio of producing and development assets in partnership. Asset operated by global supermajor JV Company, Azule. Transformational acquisition providing significant runway of future production with approved work programme and strong cash generative characteristics.
Capital liquidity	Prudent tactical fundings were undertaken during the period to maintain appropriate levels of working capital during the period.	Active management of Company's financial resources, budgeting and general administration expenses during the development phase ahead of Company moving into cash generating stage expected in 2022.

Directors' remuneration

The Board recognises that Directors' remuneration is of legitimate concern to shareholders and is committed to following current best practice. The Group operates within a competitive environment and performance depends on the individual contributions of the Directors and employees. The Board believes in rewarding vision and innovation.

Policy on executive Directors' remuneration

The policy of the Board is to provide executive remuneration packages designed to attract, motivate and retain Directors of the calibre necessary to maintain the Group's position and to reward them for enhancing shareholder value and return. It aims to provide sufficient levels of remuneration to do this, but avoid paying more than is necessary. The remuneration will also reflect the Directors' responsibilities and contain incentives to deliver the Group's objectives. Remuneration may comprise of basic salary, bonuses, benefits and longer term incentives such as share options. The Remuneration Committee considers the appropriate balance of the above for each director, taking into account the relevant factors at each review. The Company’s Remuneration Committee comprises T Hayward (Chairman) and S Hawkins. The Remuneration Committee meets at least twice a year and has as its remit the determination and review of, amongst other matters, the remuneration of Executive Directors and any share incentive plans adopted, or be adopted, by the Company.

The remuneration of the Directors was as follows:

	J Pryde	O Kuti	M Henderson	S Hawkins	T Hayward	Total
	$	$	$	$	$	$
Short-term employment benefits:						
Year to 31 December 2021						
Salary and fees	170,759	238,151	192,445	72,167	75,603	**749,125**
Benefits in kind	13,606	21,404	7,349	-	-	**42,359**
Pension contributions	1,814	1,220	1,814	1,814	1,814	**8,476**
Share based payments	208,991	537,405	179,135	116,032	116,032	**1,157,595**
Total	**395,170**	**798,180**	**380,743**	**190,013**	**193,449**	**1,957,555**
Employers NI	**22,377**	**20,405**	**24,864**	**8,247**	**8,721**	**84,614**
Year to 31 December 2020						
Salary and fees	172,799	232,327	151,897	67,731	70,956	**695,710**
Benefits in kind	12,994	3,663	7,105	-	-	**23,762**
Pension contributions	1,698	1,698	1,698	1,698	1,698	**8,490**
Share based payments	206,710	531,540	177,180	40,789	40,789	**997,008**
Total	**394,201**	**769,228**	**337,880**	**110,218**	**113,443**	**1,724,970**
Employers NI	**22,157**	**30,210**	**23,322**	**7,739**	**8,179**	**91,607**

The following amounts are due but undrawn in respect of directors remuneration and National Insurance as at 31 December 2021 (and so are shown as liabilities within accruals) as follows:

J Pryde	\$300,868 (31 December 2020: \$337,830)
O Kuti	\$76,005 (31 December 2020: \$124,557)
Employers NI	\$52,008 (31 December 2020: \$62,429)

Under the service agreements for O Kuti and J Pryde the above amounts are not due to be paid until the Group generates oil revenues.

Pensions
The Group makes pension contributions on behalf of the Directors, as required under law.

Benefits in kind
The Group provides medical and dental insurance to certain Directors, and additional benefits to Directors located abroad.

Bonuses
Bonuses are awarded by the Remuneration Committee on achieving set targets. No amounts were payable for bonuses in respect of the years ended 31 December 2021 or 31 December 2020.

Notice periods
O Kuti has a twelve month rolling notice period, J Pryde has a six month rolling notice period and all other Directors all have three month rolling notice periods.

Share option incentives
At 31 December 2021 the following share options were held by the Directors.

	Date of grant	**Exercise price**	**Number of options**
J Pryde	8 December 2020	0.5p	70,000,000
O Kuti	8 December 2020	0.5p	180,000,000
M Henderson	8 December 2020	0.5p	60,000,000
T Hayward	8 December 2020	0.5p	25,000,000
S Hawkins	8 December 2020	0.5p	25,000,000

For each director, 50% of the options were exercisable on the acquisition of our interest in ATOG in June 2021, 25% are exercisable in June 2022 and the remaining 25% are exercisable in June 2023.

No options held by Directors were issued, exercised or cancelled during the year.

The Company is not currently listed on a recognisable exchange so the share price movement during the year has not been disclosed.

As the Company has not traded and is not listed, the Remuneration Committee do not feel that it is relevant to include further information in the Remuneration Report.

Opinion

We have audited the financial statements of Sirius Petroleum PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheet, the Consolidated and Parent Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the 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 for the group and applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), for the parent company.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

  the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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 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 related to the carrying value of intangible asset exploration and evaluation assets

We draw attention to note 5 of the financial statements, which describes the circumstances surrounding the renewal of the Ororo Field Licence. Although management are confident the renewal will be granted, this has yet to be confirmed, which creates uncertainty in the carrying value of the intangible exploration and evaluation assets. If the licence is not renewed, the intangible asset of £16,239,000 would be impaired in full.

Our opinion is not modified in this respect.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
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
In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

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

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussion with management, industry research and our expertise in the sector.

- We determined the principal laws and regulations relevant to the group and parent company in this regard to be those arising from the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice ("UK GAAP") and the operating terms set out in the exploration licences, as well as local laws and regulations.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. These procedures included, but were not limited to:
  - *enquiries of management; and*
  - *review of minutes and other correspondence.*
- We also identified the risks of material misstatement of the financial statements due to fraud at both the group and parent company level. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, whether key management judgements could include management bias was identified in relation to the carrying value of the exploration assets.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
- Compliance with laws and regulations at the subsidiary level was ensured through enquiry of management and review of ledgers and correspondence for any instances of non-compliance.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

Joseph Archer (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor
23 December 2022

15 Westferry Circus
Canary Wharf
London E14 4HD

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	**Year ended 2021 $'000**	Year ended 2020 $'000
Other income		**100**	185
Impairment of intangibles	*5*	**-**	-
Share based payments	*11*	**(1,716)**	(1,509)
Payments made in shares		**-**	(17)
Other administrative expenses	*1*	**(4,219)**	(3,721)
Total administrative expenses		**(5,935)**	(5,247)
Loss from operations		**(5,835)**	(5,062)
FV movement on embedded derivative		**(556)**	(2,072)
Finance cost	*2*	**(1,800)**	(2,605)
Loss before and after taxation, and loss attributable to the equity holders of the Company		**(8,191)**	(9,739)
Other comprehensive income for the period, net of tax			
Exchange differences on translating foreign operations		**(23)**	(100)
Other comprehensive income for the period, net of tax		**(23)**	(100)
Total comprehensive loss for the year, attributable to owners of the company		**(8,214)**	(9,839)
Total earnings per ordinary share			
Basic and diluted earnings per share (cents)	*4*	**(0.20)**	(0.26)

All of the activities of the Group are classed as continuing.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

		31 December 2021	31 December 2020
ASSETS	**Notes**	**$'000**	$'000
Non-current assets			
Intangible exploration and evaluation assets	*5*	**16,239**	16,239
Financial assets	*6*	**4,502**	-
Property, plant and equipment	*7*	**545**	70
		21,286	16,309
Current assets			
Cash and cash equivalents		**62**	480
Trade and other receivables	*8*	**953**	793
Total current assets		**1,015**	1,273
Total assets		**22,301**	17,582
LIABILITIES			
Current liabilities			
Trade and other payables	*9*	**6,627**	5,205
Lease liability	*17*	**206**	-
Loans payable	*10*	**13,261**	11,980
Embedded derivative liability	*10*	**4,275**	3,719
Total current liabilities		**24,369**	20,904
Liabilities due after one year			
Lease liability	*17*	**381**	-
Loans	*10*	**943**	373
Total liabilities		**25,693**	21,277
EQUITY			
Share capital	*12*	**15,671**	14,374
Share premium		**42,595**	37,097
Share-based payment reserve	*11*	**3,126**	2,282
Exchange reserve		**(186)**	(163)
Other reserve		**1**	4
Retained earnings		**(64,599)**	(57,289)
Equity attributable to equity holders of the Company		**(3,392)**	(3,695)
Total equity and liabilities		**22,301**	17,582

The consolidated financial statements were approved by the Board and authorised for issue on 23 December 2022.

J Pryde
Director
Company No 05181462
23 December 2022

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

SIRIUS PETROLEUM PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Share capital	Share premium	Share based payment reserve	Exchange & other reserve	Retained earnings	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2020	13,753	35,920	4,836	(63)	(51,617)	2,829
Share based payments	-	-	1,509	-	-	1,509
Share issue	621	1,177	-	-	-	1,798
Equity element of convertible loans	-	-	-	8	-	8
Equity element of convertible loans trf on repayment				(4)	4	-
Transfer on lapse of options/warrants	-	-	(4,063)	-	4,063	-
Transactions with owners	621	1,177	(2,554)	4	4,067	3,315
Loss for the year	-	-	-	-	(9,739)	(9,739)
Exchange difference on translating foreign operations	-	-	-	(100)	-	(100)
Total comprehensive (loss)/profit for the year	-	-	-	(100)	(9,739)	(9,839)
Balance at 31 December 2020	14,374	37,097	2,282	(159)	(57,289)	(3,695)
Share based payments	-	-	1,716	-	-	1,716
Share issue	1,297	5,520	-	-	-	6,817
Share issue costs	-	(22)	-	-	-	(22)
Equity element of convertible loans	-	-	-	6	-	6
Equity element of convertible loans trf on repayment				(9)	9	-
Transfer on lapse of options/warrants	-	-	(872)	-	872	-
Transactions with owners	1,297	5,498	844	(3)	881	8,517
Loss for the year	-	-	-	-	(8,191)	(8,191)
Exchange difference on translating foreign operations	-	-	-	(23)	-	(23)
Total comprehensive loss for the year	-	-	-	(23)	(8,191)	(8,214)
Balance at 31 December 2021	**15,671**	**42,595**	**3,126**	**(185)**	**(64,599)**	**(3,392)**

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

SIRIUS PETROLEUM PLC

CONSOLIDATED CASHFLOW STATEMENT

For the year ended 31 December 2021

	Year ended 31 December 2021 $'000	Year ended 31 December 2020 $'000
Cash flow from operating activities		
Continuing operations		
Loss after taxation	**(8,191)**	(9,739)
Depreciation	**203**	297
Finance cost	**1,800**	2,605
FV movement on embedded derivative	**556**	2,072
(Decrease)/Increase in trade and other receivables	**(660)**	(594)
Equity settled share-based payments	**1,716**	1,509
Expenses settled in shares	**-**	17
Increase/(decrease) in trade and other payables	**1,410**	(85)
Net cash outflow from operating activities from continuing operations	**(3,166)**	(3,918)
Cash flows from investing activities		
Purchase of investments	**(2)**	-
Purchase of property, plant and equipment	**(5)**	(12)
Net cash outflow from investing activities	**(7)**	(12)
Cash flows from financing activities		
Proceeds from issue of share capital	**2,693**	1,114
Finance cost	**(39)**	(902)
Loans received	**334**	7,461
Lease payments	**(69)**	(194)
Lease interest	**(10)**	(4)
Loans repaid	**(103)**	(3,536)
Net cash inflow from financing activities	**2,806**	3,939
Net change in cash and cash equivalents	**(367)**	9
Cash and cash equivalents at beginning of period	**480**	573
Exchange differences on cash and cash equivalents	**(51)**	(102)
Cash and cash equivalents at end of period	**62**	480
Comprising of:		
Cash and cash equivalents	**62**	480
	62	480

Material non-cash transactions in the year include the payment of $4m of the investment in intangibles in shares.

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

BASIS OF PREPARATION

The Consolidated financial statements have been prepared under the historical cost convention, or at fair value as appropriate, and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ("IFRS"). The Company's shares were listed on the AIM market of the London Stock Exchange until 27 August 2019. Separate financial statements of Sirius Petroleum Plc (the Company) have been prepared on pages 52-68.

The principal accounting policies of the Group are set out below.

GOING CONCERN

The Directors have prepared cash flow forecasts for the period up to December 2023 based on the completion of the OML65 transaction that has been discussed in the Chairman's statement. The Angolan acquisition has been excluded from these forecasts as it is subject to separate funding arrangements.

The Group has executed a senior secured term loan facility of up to $200m with Trafigura to cover its capital expenditure requirements, and a $20m working capital facility as part of the OML65 offtake agreements, which acts as an advance payment facility with sums drawn based on accumulated production volumes and repaid at the point of a lifting. The Group also has committed mezzanine loan and equity funding totalling $15m. The equity can be utilized for general working capital purposes, including repayment of all existing loans and creditors that are outstanding at the present time.

The projections indicate that the Group would have sufficient cash to cover liabilities as they fall due in the going concern period. This includes fully repaying all non-convertible loans and creditors that are outstanding or overdue for settlement at the present time. All loans and other creditors are due for payment within one year.

The Directors therefore believe that the Group and parent company will have sufficient cash resources to meet its liabilities as they fall due for a period of at least 12 months from the date that the financial statements are signed. Consequently, the financial statements have been prepared on a going concern basis.

BASIS OF CONSOLIDATION

The Consolidated financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to the statement of financial position date. Subsidiaries are entities which are controlled by the Group. Control is achieved when the Group has power over the investee, has the right to variable returns from the investee and has the power to affect its returns. The Group obtains and exercises control through voting rights and control is reassessed if there are indications that the status of any of the three elements has changed.

Unrealised gains on transactions between the Group and its subsidiary undertakings are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiary undertakings have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Acquisitions of subsidiary undertakings are recorded under the acquisition method of accounting. The acquisition method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary undertakings, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary undertaking prior to acquisition. Acquisition costs are expensed as incurred. On initial recognition, the assets and liabilities of the subsidiary undertaking are included in the Consolidated Statement of Financial Position at their fair values, which are also used as the basis for subsequent measurement in accordance with the Group accounting policies. Goodwill is stated after first allocating consideration to identifiable intangible assets. Goodwill represents the excess of the consideration transferred to the vendor over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary undertaking at the date of acquisition.

OTHER INCOME

Other income represents the total value, excluding VAT, of grants received from the government. Income is recognised as the services are provided, or in the period to which the grant relates. IFRS 15 'Revenue from Contracts with Customers' has been adopted.
To determine whether to recognise revenue, the Group follows a 5-step process:
1 Identifying the contract with a customer
2 Identifying the performance obligations
3 Determining the transaction price
4 Allocating the transaction price to the performance obligations
5 Recognising revenue when/as performance obligation(s) are satisfied.

TAXATION

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the Consolidated Statement of Financial Position date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable result for the period. All changes to current tax assets or liabilities are recognised as a component of tax expense in the statement of comprehensive income.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided for in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the Statement of Financial Position date.

Most changes in deferred tax assets or liabilities are recognised as a component of tax expense in the statement of comprehensive income. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that is charged or credited directly to equity or other comprehensive income are charged or credited directly to equity or other comprehensive income.

INTANGIBLE EXPLORATION AND EVALUATION ASSETS

The Group follows the successful efforts method of accounting for intangible exploration and evaluation ("E&E") costs. Licence costs are initially capitalised as intangible assets, along with any directly attributable costs of evaluation, as these are recoverable if prospects are deemed successful.

If prospects are deemed to be impaired ('unsuccessful') on completion of the evaluation, the associated costs are charged to the statement of comprehensive income. If the field is determined to be commercially viable, the licence costs are transferred to property, plant and equipment.

The intangible assets are initially recognised at cost and are reviewed for impairment. The asset is carried at initial value less accumulated impairment losses.

Exploration and evaluation assets are tested for impairment whenever facts and circumstances suggest they are impaired, which includes when a licence is approaching the end of its term and is not expected to be renewed, there are no substantive plans for continued exploration or evaluation of an area, the Group decides to abandon an area, or where development is likely to proceed in an area there are indications that the exploration and evaluation costs are unlikely to be recovered in full either by development or through sale. Any impairment loss is recognised before reclassification.

FINANCIAL ASSETS

The Group's financial assets comprise investments, cash and trade and other receivables.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:
• loans and receivables at amortised cost
• fair value through profit or loss (FVTPL)
• fair value through other comprehensive income (FVOCI).

In the periods presented the company does not have any financial assets categorised as FVOCI.

The classification is determined by both:
• the entity's business model for managing the financial asset
• the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):
• they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
• the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements would apply.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Impairment of financial assets

The Group considers trade and other receivables individually in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Non-derivative financial assets comprising the Company's strategic financial investments in entities not qualifying as subsidiaries, associates or jointly controlled entities. These assets are classified as financial assets at fair value through profit or loss. They are carried at fair value with changes in fair value recognised through the income statement. Where there is a significant or prolonged decline in the fair value of a financial investment (which constitutes objective evidence of impairment), the full amount of the impairment is recognised in the income statement.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash at bank, short term bank overdrafts and cash in hand. The bank overdraft has been considered as part of cash and cash equivalents in the statement of cash flows.

CLASSIFICATION AS FINANCIAL LIABILITIES OR EQUITY

Financial instruments or their component parts are classified according to the substance of the contractual arrangements entered into.

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities under potentially unfavourable conditions. In addition, contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to equity.

A compound instrument is a non-derivative financial instrument which contains both a liability and an equity component. These components are accounted for separately as financial liabilities and equity components, and are presented separately in the statement of financial position.

EQUITY

Share capital is determined using the nominal value of shares that have been issued.

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits. Where warrants have been issued for services in relation to procuring subscribers, the relevant fair value charge has been set against share premium as a cost of issue.

The share-based payment reserve represents the cumulative amount which has been expensed in the statement of comprehensive income in connection with share-based payments, less any amounts transferred to retained earnings on the exercise of share options or warrants.

The equity loan reserve represents the equity component of the issued convertible loan notes.

Translation reserves are amounts in respect of translation of overseas subsidiaries, and unrealised exchange differences.

Retained earnings include all current and prior year results as disclosed in the statement of comprehensive income.

FINANCIAL LIABILITIES

The Group's financial liabilities comprise trade and other payables, bank overdrafts, lease liability and loans payable.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in finance costs in the statement of comprehensive income using the effective interest method.

Trade and other payables are recognised initially at fair value, net of direct issue costs, and are subsequently recorded at amortised cost using the effective interest method with interest related charges recognised as an expense in the statement of comprehensive income.

Loans payable are recognised initially at fair value, net of direct issue costs and subsequently measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are recognised in the statement of comprehensive income on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. The embedded derivative liability, relating to a convertible loan where the carrying liability converts into a variable number of shares, is held at "fair value through profit or loss".

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the statement of comprehensive income.

LEASES

The Group has adopted IFRS16 "Leases". Leases are recorded in the statement of financial position in the form of a right-of-use asset and a lease liability, with the exception of assets of low value and short-term leases of less than 12 months, whereby the group has taken the practical expedient to not capitalise a right-of-use asset and recognise a lease liability but instead charge to the statement of comprehensive income (net of any incentives received from the lessor) on a straight-line basis over the period of the lease.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The lease is recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset was available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:
- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the group's incremental borrowing rate.

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
- restoration costs

COMPOUND INSTRUMENTS

On initial recognition, the fair value of the consideration for the liability component of the instrument is determined based on the fair value of a similar instrument that does not have an equity conversion option and recognised as a financial liability. Subsequent measurement is in accordance with the financial liabilities accounting policy.

The equity component is recognised initially as the residual value remaining when the fair value of the debt component is compared to the fair value of the compound instrument as a whole. The equity component is not remeasured after initial recognition except on expiry.

The embedded derivative liability, relating to a convertible loan where the carrying liability converts into a variable number of shares, is held at "fair value through profit or loss".

OTHER PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the Statement of Financial Position date, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of settlement of the present obligation is recognised, if virtually certain as a separate asset, not exceeding the amount of the related provision. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. In addition, long-term provisions are discounted to their present values, where the time value of money is material. All provisions are reviewed at each Statement of Financial Position date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognised in the statement of financial position. Probable inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets.

SHARE-BASED PAYMENTS

Options
The Group issues equity-settled share-based payments to certain employees (including directors) in the form of options. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, together with a corresponding increase in equity, based upon the Group's estimate of the shares that will eventually vest.

Fair value is measured using the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates.

No adjustment is made to the expense recognised in prior periods if fewer share options are, ultimately exercised than originally estimated. Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of shares issued are allocated to share capital with any excess being recorded as share premium.

Warrants
The Group has also issued equity settled share-based payments to certain employees (including directors), and in respect of services provided by external consultants in the form of warrants. The share-based payment is measured at fair value of the services provided at the grant date, or if the fair value of the services cannot be reliably measured using the Black-Scholes model. The expense is allocated over the vesting period. Where services provided relate to the issue of shares the expense has been charged to share premium.

FEES AND LOANS SETTLED IN SHARES

Where shares have been issued as consideration for services provided or loans outstanding they are measured at the fair value of the services provided. The difference between the carrying amount of the financial liability (or part thereof) extinguished and the fair value of the shares is recognised in the statement of comprehensive income.

PROPERTY, PLANT AND EQUIPMENT

i Measurement basis

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use. Subsequent expenditure relating to property, plant and equipment is added to the carrying amount of the assets only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

All other costs, such as repairs and maintenance are charged to the statement of comprehensive income during the period in which they are incurred.

When assets are sold, any gain or loss resulting from their disposal, being the difference between the net disposal proceeds and the carrying amount of the assets, is included in the statement of comprehensive income.

ii Depreciation

Depreciation is calculated so as to write off the cost of property, plant and equipment, less its estimated residual value, over its useful economic life as follows:

Property leases	-	straight line over the period of the lease
Computer equipment	-	within the current financial year
Office equipment	-	straight-line over 3 years
Vehicles	-	straight-line over 5 years

FOREIGN CURRENCIES

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the reporting date. Non-monetary items that are measured at historic cost in a foreign currency are translated at the exchange rate at the date of the transaction and are not re-translated. Non-monetary assets that are measured at fair value in a foreign currency are translated into the functional currency using the exchange rates at the date when the fair value was determined. The functional currency of the Company was restrospectively reassessed to be USD effective from 2017 (previously GBP), Sirius Ororo (OML95) Limited is USD and Sirius Taglient Petrol Limited is NGN. The presentational currency of the group and company is USD. The effect of this reassessment was not material and has been included in the 2021 financial statements.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the statement of comprehensive income in the period in which they arise.

In the consolidated financial statements all individual financial statements that are originally presented in a currency different from the Group's presentational currency have been converted into USD. Assets and liabilities have been translated into USD at the closing rates at the reporting date. Income and expenses have been converted into USD at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this process have been recognised in other comprehensive income and accumulated separately in the currency exchange reserve in equity.

The average GBP exchange rate used during the year was USD 1.375650 (2020: 1.283601). The closing exchange rate at 31 December 2021 was USD 1.351202 (2020: 1.365008).

SEGMENTAL REPORTING

An operating segment is a distinguishable component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's chief operating

decision maker to make decisions about the allocation of resources and assessment of performance and about which discrete financial information is available.
The chief operating decision maker, Mr Kuti, has defined that the Group's only reportable operating segment during the year is oil extraction and related activities. The Group has not traded and has not generated any revenue from external customers during the period.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Critical accounting estimates and assumptions

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

Intangible exploration and evaluation assets
Management is required to assess impairment in respect of intangible exploration and evaluation assets. Note 5 discloses the carrying value of such assets. The triggering events are defined in IFRS 6. In making the assessment, management is required to make judgements on the status of each project and the future plans towards finding commercial reserves. The nature of exploration and evaluation activity is such that only a proportion of projects are ultimately successful and some assets are likely to become impaired in future periods.

The Licence on the Ororo Field expired on 1 May 2019. Management has assumed that this will be renewed on the basis that the licence has been successfully renewed on two previous occasions and based on the significant investment that has been made by the Company into the asset since the original interest was acquired. Additionally, in assessing the current value of the Ororo field, management have used an internal Field Development Plan ("FDP") and an updated Competent Persons Report ("CPR").

Share-based payment
Management has made a number of assumptions in calculating the fair value of the share options as detailed in note 11. The first critical assumption used is the estimated date of first hydrocarbons to surface which determine the exercise date of the options granted in December 2017. In management's opinion this event occurred on execution of the ATOG agreement on 6 November 2020, when the Group secured its entitlement to oil revenues under the conditional agreements. The second critical assumption used is the estimated date of completion of the ATOG acquisition which determines the exercise date of the options granted in December 2020. In management's opinion this event is occurred in June 2021. As a condition of the grant of the options in December 2020 the options granted in December 2017 were cancelled and this was therefore treated as a modification. The key assumptions used in valuing the cancelled options was the expected exercise date which was considered to have been between one and three years at the time of cancellation. The share-based payment is charged to the statement of financial income over the period between the grant of the options and the expected vesting date.

Treatment of convertible loans
Management have assessed the Convertible Loan Notes ("CLN") issued on 22 September 2020 to have both a debt and an equity element. The CLN has a notional of £1,500,000, 12.0% fixed interest paid in kind ("PIK" or the "Interest") with a final maturity being 31 August 2023 (the "Redemption Date"). The CLN is unsecured and it is convertible to the ordinary share of Sirius at the conversion price (the "Conversion Price") upon the listing of the Company or at option of the Noteholders. Pursuant to the CLN documentation the conversion price (the "Conversion Price") is £0.004 per ordinary share of Sirius when conversion occurs at the election of the Noteholders ("Noteholders' Conversion"), however if the conversion occurs at the election of the Company ("Company Conversion"), the Conversion Price is the lower of £0.004 per share or 87.5% of the placing price of an ordinary share upon listing provided that if such calculation results in the Conversion Price being less than the nominal value of an ordinary share, the Conversion Price will be the nominal value. Management have assessed the Conversion element of the CLN to be £1,288,871 ($1,646,753) at the time of issue and the debt element to be £211,129 ($269,753). At 31 December 2020 the fair value of the Converson element to be

£2,725,000 ($3,719,000). At inception the fair value was measured using a Monte Carlo simulation. Management assessed the fair value of the Conversion element of the liability at 31 December 2021 using the Black-Scholes model, resulting value of £3,164,000 ($4,275,000). Full details of the assumptions made and inputs used are set out in Note 10.

Valuation of Investments

The Group holds an investment in the shares of ATOG which is unquoted. The Company is required to make judgments over the carrying value of investments in unquoted companies where fair values cannot be readily established and evaluate the size of any impairment required. It is important to recognise that the carrying value of such investments cannot always be substantiated by comparison with independent markets and, in many cases, may not be capable of being realised immediately. Management's significant judgement in this regard is that the value of their investment represents their cost less previous impairment. Management reviews each unquoted investment at each reporting date for indications of impairment. Management concluded that no impairment was necessary in the current year.

(ii) Critical judgments in applying the Group's accounting policies

Sirius Taglient Petro Limited ("STPL")

In applying the accounting policies, which are described above, management have had to make a judgement on whether STPL should be consolidated as a subsidiary undertaking in accordance with IFRS 10 - Consolidated Financial Statements. The Company owns 50% of STPL's issued share capital but has the right to buy the remaining 50% for a nominal sum and has management and operating control of that company. The 50% shareholders have waived their right to receive profit distributions from the company and are holding the shares as nominee of the Group. On this basis the Group consider it is a subsidiary undertaking and, therefore, has consolidated 100% of the company's results for the period. The Directors have assessed fair value of the option to buy the remaining 50% of the share capital to be £Nil (2020: £Nil).

Adoption of new or amended IFRS

The Group adopted certain standards and amendments for the first time, which are effective for annual periods beginning on or after 1 January 2021 and are listed in the table. The adoption of these new accounting pronouncements has not had a significant impact on the consolidated financial statements of the Group nor the accounting policies, methods of computation or presentation applied by the Group. These standards and interpretations are listed below:

Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)

The amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

Application of the above standards did not impact these consolidated and separate financial statements.

New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are not yet effective for annual periods ending 31 December 2021 and have not been applied in preparing these Group and Company financial statements. None of these is expected to have a significant effect on the Group and Company financial statements, except the following set out below:

	New Standards	**Effective Date**
-	Amendments to IAS 1: Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies	TBC
-	Amendments to IAS 1:Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	TBC
-	Amendments to IAS 1: Classification of Liabilities as Current or Non-current – Deferral of Effective Date	TBC
-	Amendments to IFRS 3:Business Combinations –Reference to the Conceptual Framework	1 January 2022
-	Amendments to IAS 8: Accounting policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates	TBC
-	Amendments to IAS 16: Property, Plant and Equipment	1 January 2022
-	Amendments to IAS 12: Income Taxes –Deferred Tax related to Assets and Liabilities arising from a Single Transaction	TBC
-	Amendments to IAS 37: Provisions, Contingent Liabilities and Contingent Assets	1 January 2022
-	Annual Improvements to IFRS Standards 2018-2020 Cycle	1 January 2022
-	Amendments to IFRS 16 Leases:Lease Liability in a Sale and Leaseback	TBC

1 LOSS BEFORE TAXATION AND SEGMENTAL INFORMATION

Loss before taxation

The loss before taxation is attributable to the principal activities of the Group.

The loss before taxation is stated after charging:

	Year ended 31 December 2021 $'000	Year ended 31 December 2020 $'000
Staff costs (see note 19)	**3,028**	2,495
Depreciation of fixed assets	**203**	297
Operating lease rentals: land and buildings	**25**	25
Fees payable to the Company's auditor for the audit of the financial statements	**81**	89
Fees payable to the Company's auditor and its associates for other services:		
Services as reporting accountant	**105**	-
Other services relating to taxation compliance	**-**	4

Segmental information

An operating segment is a distinguishable component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about the allocation of resources and assessment of performance and about which discrete financial information is available.

The chief operating decision maker has defined that the Group's only reportable operating segment during the year is oil extraction and related activities. The Group has not traded and has not generated any revenue from external customers during the period. In respect of non-current assets $542,000 (2020: $63,000) arise in the UK, $4,502,000 arise in Tunisia and $16,243,000 (2020: $16,242,000) arise in Nigeria. Losses of $7,818,000 (2020: $9,585,000) arose in the UK, $241,000 (2020: $Nil) arose in Dubai and $131,000 (2020: $154,000) arose in Nigeria.

2 FINANCE COSTS

	Year ended 31 December 2021 $'000	Year ended 31 December 2020 $'000
Finance costs		
Finance fees on loans	**1,777**	1,987
Finance cost on leases	**10**	4
Other finance fees	**13**	614
	1,800	2,605

Finance fees of $1,777,000 (2020: $1,987,000) are in respect of the short-term loans received from unconnected third parties and finance fees in respect of other loan facilities. Further information in respect of these loans is disclosed in note 10. Other finance fees credit of $13,000 (2020: $614,000) are in respect of other fees charges from creditors, PAYE and loan providers.

3 TAXATION

There is no current or deferred tax charge for the year (year ended 31 December 2020: $nil).

Unrelieved tax losses of approximately $35,686,000 (2020: $30,565,000) remain available to offset against future taxable trading profits. The unprovided deferred tax asset at 31 December 2021 is $8,921,000 (2020: $5,807,000) which has not been provided on the grounds that it is uncertain when or in what tax jurisdiction taxable profits will be generated by the Group to utilise those losses. There are no deferred tax liabilities. The 2021 budget increases the corporation tax rate to 25% from 1 April 2023. Deferred tax assets and liabilities at 31 December 2021 have been calculated based on the rate of 25% substantively enacted at the balance sheet date.

The tax assessed for the year differs from the standard rate of corporation tax in the UK as follows:

	2021	**2021**	2020	2020
	$'000	**%**	$'000	%
Loss before taxation	**(8,191)**		(9,739)	
Loss multiplied by standard rate of corporation tax in the UK	**(1,556)**	**(19.00)**	(1,850)	(19.00)
Effect of:				
Expenses not deductible for tax purposes	**512**	**(19.00)**	449	(19.00)
Overseas loss not recognised	**71**	**(19.00)**	29	(19.00)
Unrelieved tax losses	**973**	**(19.00)**	1,372	(19.00)
Total tax charge for year	**-**		-	

4 LOSS PER SHARE

	2021	2020
	$’000	$’000
Loss attributable to owners of the Company	**(8,191)**	(9,739)

	2021	2020
	Number	Number
Weighted average number of shares for calculating basic earnings per share	**4,081,589,869**	3,726,218,777

	2021	2020
	Cents	Cents
Basic and diluted earnings per share	**(0.20)**	(0.26)

There are 485,000,000 share options and 185,483,910 warrants outstanding as at 31 December 2021, as detailed in note 11. Their effect is anti-dilutive as the Group made a loss, but is potentially dilutive against future profits.

5 INTANGIBLE EXPLORATION AND EVALUATION ASSETS

Cost of oil and gas exploration

	$'000
Cost	
At 1 January 2020	16,406
Additions	-
At 31 December 2020	16,406
Additions	-
At 31 December 2021	**16,406**
Amortisation and impairment	
At 1 January 2020	167
Charge in the year	-
At 31 December 2020	167
Charge in the year	-
At 31 December 2021	**167**
Net book value at 31 December 2021	**16,239**
Net book value at 31 December 2020	16,239
Net book value at 1 January 2020	16,239

During the year ended 31 December 2011 Sirius Ororo OML95 Limited entered into an agreement with Guarantee Petroleum Company Limited and Owena Oil & Gas Limited which gives it the right to acquire a 40% interest in the Ororo Oil Field. The consideration for the 40% interest in the field was $1,000,000 paid on the date of the agreement with a further $500,000 due on the commencement of the drilling of the proposed Ororo-2 well.

Following the additional work as noted below and the completion of the feasibility report along with the ongoing funding negotiations, the Directors are confident of commencement of the drilling of the Ororo-2 well. The timing of this remains uncertain, as our initial focus is our Tunisian acquisition and OML65 Transaction. As a result, this liability is now expected to become payable. The Directors reviewed the assumptions made and consider that the liability should be provided in full as it is expected to be paid shortly, therefore, the carrying value of the liability is assessed at $500,000 and is included in other payables (2020: $500,000). Under the agreement with our partners, the Group will cover all costs of this phase of the project. Costs plus interest of LIBOR+3% will be recoverable on the production of oil before the profit interest split is applied; these costs are being added to the costs of the asset.

The Directors have reviewed the investment for impairment. On 8 September 2016, the Group announced that an independent valuation of the Ororo field prepared by Rockflow Resources Limited, gave a mid-case net present value of the asset of $49.2m based on a $50 per barrel flat real oil price for the life of the field, and a low case net present value of $8.5m. This valuation was confirmed in the updated CPR in our admission document dated 30 November 2017. These valuations were recalculated at $65 per barrel and resulted in a low case net present value of $32.9m and a mid-case net present value of $96.1m. The Group prepared a Field Development Plan (“FDP”) in June 2020 and using an oil price of $60 per barrel the valuations resulted in a net present value of $83m (excluding any allowances for pioneer tax relief). An updated CPR was prepared in March 2021, giving a mid-case net present value of the asset of $127.6m based on a dry gas price of $3 per mscf for the life of the field, and a low case net present value of $42.7m The oil price at 31 December 2020 was $51 per barrel. These valuations support the value of the investment held on the Statement of Financial Position and support the view that no impairment triggering events have occurred. The Group intends investing further amounts into the Ororo Oil Field, as part of its strategic development plans. The costs of the capital and operating costs will be covered by either separate funding facilities or by financial and technical industry partners on a joint farm-in basis. Should the Group not obtain the funding required the intangible asset would have to be fully impaired.

5 INTANGIBLE EXPLORATION AND EVALUATION ASSETS (CONTINUED)

The Licence on the Ororo Field expired on 1 May 2019. As notified on 5 April 2019, the Group decided, in advance of the expiry date, to seek a further extension to the term of the licence from the Department of Petroleum Resources in Nigeria as has been done previously. The Group awaits the results of this application process, the details of which are provided by the Department of Petroleum Resources June 2020 updated “Guidelines for the Award and Operations of Marginal Fields in Nigeria” note, accessible at https://www.dpr.gov.ng/dpr-guidelines/#upstream. The granting of any extension to the term of the licence will require the approval of the Minister of Petroleum whose formal appointment has yet to be made. For clarification, there would be no drilling activity on the field until an extension is granted. The Board remains confident that the Group will be able to obtain a further extension to the term of the licence, which has already been granted on two previous occasions, therefore management has assumed that this will be renewed. In the unlikely event that this was not renewed, the Group would have to fully impair the intangible asset, as described in the auditor’s report.

6 FINANCIAL ASSETS

Financial assets at fair value through profit or loss:	$'000 Level 1	$'000 Level 2	$'000 Level 3	$'000 Total
Fair value at 31 December 2019	-	-	-	-
Additions	-	-	-	-
Fair value at 31 December 2020	-	-	-	-
Additions	-	-	4,502	4,502
Impairment provision	-	-	-	-
Fair value at 31 December 2021	-	-	4,502	4,502

Level 1 represents those assets, which are measured using unadjusted quoted prices for identical assets.
Level 2 applies inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices).
Level 3 applies inputs, which are not based on observable market data.

Level 3 assets comprise of the investment in 10% of the share capital in ATOG. The Directors carried out an impairment review as at 31 December 2021, and determined that no impairment was necessary. The Directors based their assessment on an independent Competent Persons Report on the asset which valued the Sirius 10% at approximately $11m at oil prices of $60 per barrel.

7 PROPERTY, PLANT AND EQUIPMENT

	Leasehold Property (see note 17)	Computer equipment Equipment	Office equipment Equipment	Motor Vehicles	Total
	$' 000	$' 000	$'000	$'000	$'000
Cost					
At 1 January 2020	570	79	320	25	994
Additions	-	-	12	-	12
At 31 December 2020	570	79	332	25	1,006
Disposals	(570)	-	-	-	(570)
Additions	673	5	-	-	678
At 31 December 2021	**673**	**84**	**332**	**25**	**1,114**
Depreciation					
At 1 January 2020	338	79	200	22	639
Charge for the year	190	-	104	3	297
At 31 December 2020	528	79	304	25	936
Eliminated on disposals	(570)	-	-	-	(570)
Charge for the year	173	5	25	-	203
At 31 December 2021	**131**	**84**	**329**	**25**	**569**
Net book value					
Balance at 31 December 2021	**542**	**-**	**3**	**-**	**545**
Balance at 31 December 2020	42	-	28	-	70
Balance at 1 January 2020	232	-	120	3	355

8 TRADE AND OTHER RECEIVABLES

The fair value of these short-term financial assets is not individually determined as the carrying amount is a reasonable approximation of fair value. All trade and other receivables have been reviewed for indicators of impairment.

	31 December 2021	31 December 2020
	$'000	$'000
Current		
Other receivables	**298**	235
Prepayments and accrued income	**655**	558
	953	793

9 TRADE AND OTHER PAYABLES

	31 December 2021	31 December 2020
	$'000	$'000
Trade payables	**4,514**	3,329
Other payables	**987**	818
Accruals	**1,126**	1,058
	6,627	5,205

There are deferred payments of $97,000 (2020: $97,000) in trade payables which only become due three months after first hydrocarbons to surface from Ororo and $500,000 (2020: $500,000) in other payables which only become due after first hydrocarbons to surface from Ororo. Management expect this to be within one year of the balance sheet date and therefore have presented these amounts as such.

The fair value of trade and other payables has not been disclosed as, due to their short duration, management consider the carrying amounts recognised in the Statement of Financial Position to be a reasonable approximation of their fair value.

10 LOANS PAYABLE

During the year the Group received loans from several unconnected parties to fund working capital as set out below. These loans are unsecured.

Convertible loans

During the year the Group received convertible loans of $167,000 (2020: $2,711,000). Of this $15,000 plus $87,000 of 2020 loans (2020: $668,000) was converted, $129,000 (2020: $151,000) of capital and fees were repaid, $6,000 (2020: $1,655,000) was treated as equity and $9,000 of equity (2020: $4,000) was extinguished in the year, and there was a ($17,000) (2020: $109,000) exchange movement.

There is one outstanding convertible loan received prior to 2020. At 31 December 2021, the carrying value of the financial liability is $338,000 (2020: $341,000), including a ($3,000) (2020: $12,000) exchange movement and is included within loans payable. No fees or interest were due on this loan in either of the two years.

Short term loans amounting to $167,000 were received in the year with a fixed interest amount of $33,000 payable and convertible at 1p per share at the lenders option. An additional interest rate of 20% was assumed for similar loans with no convertible option. The equity element of the loans was therefore considered to be $6,000 and interest of $32,000 was recognised in the year. Foreign exchange movements of ($5,000) were recognised, $129,000 was repaid in the year, $14,000 was converted and the debt value of the loans at 31 December 2021 was $45,000. In 2020 short term loans amounting to $64,000 were received in the year with a fixed interest amount of £12,500 payable and convertible at 0.5p per share at the lenders option. The EIR on these loans was therefore 77.75%, and an interest rate of 100% was assumed for similar loans with no convertible option. The equity element of the loans was therefore considered to be $4,000 and interest of $20,000 was recognised in the year. Foreign exchange movements of $6,000 were recognised, and the debt value of the loans at 31 December 2020 was $86,000. In 2021 these 2020 loans have been converted into ordinary shares in the Company and $2,000 foreign exchange movement was recognised.

In 2020 a short term convertible loan of $123,000 (GBP £100,000) was received in the year with a fixed interest amount of £10,000 plus 2.5m ordinary shares and convertible at 0.5p per share at the lenders option. The EIR was 36.26% and an interest rate of 50% was assumed for a similar loan with no convertible option. The equity element of the loan was therefore considered to be $4,000 and interest of $18,000 was recognised in the year. Foreign exchange movements of $10,000 were recognised, and the loan was repaid in cash of $151,000 in the year and the equity element was extinguished on repayment. The 2.5m shares issued were treated as a share based payment.

In 2020, a convertible loan of $585,000 (GBP: £500,000) was received which was convertible at 0.75p with no option to repay in cash and no interest due. This was therefore treated as an equity instrument and was converted in the year into ordinary shares at a value of $668,000, with an $83,000 foreign exchange movement recognised.

10 LOANS PAYABLE (CONTINUED)

Convertible Loan Notes amounting to $1,939,000 (GBP £1,500,000) were issued in the year 2020. The CLN has a notional of £1,500,000, 12.0% fixed interest paid in kind ("PIK" or the "Interest") with a final maturity being 31 August 2023 (the "Redemption Date"). The CLN is unsecured and it is convertible to the ordinary share of Sirius at the conversion price (the "Conversion Price") upon the listing of the Company or at option of the Noteholders. Pursuant to the CLN documentation the conversion price (the "Conversion Price") is £0.004 per ordinary share of Sirius when conversion occurs at the election of the Noteholders ("Noteholders' Conversion"), however if the conversion occurs at the election of the Company ("Company Conversion"), the Conversion Price is the lower of £0.004 per share or 87.5% of the placing price of an ordinary share upon listing provided that if such calculation results in the Conversion Price being less than the nominal value of an ordinary share, the Conversion Price will be the nominal value.

The fair value of the conversion element embedded in the CLN was valued at inception using a Monte Carlo simulation to consider the values of the two conversion options. The major inputs used were as follows:
Share price at inception – 0.6p (as traded on JP Jenkins)
Share price at 31 December 2020 – 1p (as traded on JP Jenkins)
Volatility = 60% (Peer comparison)
Risk free interest rate – (GBP 6 month swap rate)
Probability of listing – 85% (Management assessment)

This resulted in the Conversion element of the CLN to be fair valued at $1,647,000 (GBP£1,289,000) at the time of issue and the debt element to be $292,000 (GBP: £211,129). The fair value of the Conversion element which is also a liability, was revalued at $3,719,000 (GBP: £2,725,000) at 31 December 2020.

At 31 December 2021, the Conversion element was revalued using the Black-Scholes model with the following inputs.

Share price at 31 December 2021 – 1.1p (as traded on JP Jenkins)
Volatility = 60% (Peer comparison)
Conversion price 0.4p
Number of shares to be issued should conversion take place at 31 December 2021 4,361,073
Remaining life 1.75 years
Risk free interest rate 0.27%

This resulted in a fair value of the Conversion element of $4,275,000 (GBP: £3,164,000) at 31 December 2021.

The resultant EIR on the debt element of the CLN was approximately 78.72% and interest of $414,000 (2020: $82,000) was recognised in the year. Foreign exchange movements of ($9,000) (2020: ($2,000)) were recognised, and the debt value of the loans at 31 December 2021 was $777,000 (2020: $372,000).

Non-convertible loans

During the year the Group received non-convertible loans from third parties of $167,000 (2020: $5,000,000) on which fees of $Nil were paid (2020: $250,000) and $1,330,000 of interest (2020: $1,866,000) was recognised during the year. $Nil of capital and interest was repaid (2020: $3,672,000) and foreign exchange gain of $6,000 (2020: $7,000) was recognised during the year. These loans are currently in default and repayable on demand, but dialogue with lenders regarding repayment is continuing, and $1,000,000 has been repaid since the year end.

10 LOANS PAYABLE (CONTINUED)

The movements in the loans are summarised below:

	31 December 2021	31 December 2020
Convertible loans	**$'000**	$'000
Balance at 1 January	**799**	329
Loans received	**167**	2,711
Interest charged	**447**	120
Repaid in cash	**(129)**	(151)
Converted	**(102)**	(668)
Convertible element	**-**	(1,647)
Transferred to equity	**(6)**	(4)
Foreign exchange	**(17)**	109
Balance at 31 December	**1,159**	799
Due within one year	**216**	426
Due after on year	**943**	373

Non-convertible loans		
Balance at 1 January	**11,554**	8,617
Loans received	**167**	4,750
Interest charged	**1,330**	1,866
Repaid in cash	**-**	(3,672)
Foreign exchange	**(6)**	(7)
Balance at 31 December	**13,045**	11,554
Due within one year	**13,045**	11,554
Due after on year	**-**	-

11 SHARE-BASED PAYMENTS

The Group incurred a share-based payment charge of $1,716,000 (2020: $1,509,000), of which $1,684,000 (2020: $1,354,000) was in respect of share options and $32,000 (2020: $155,000) in respect of warrants. The Group operates share option schemes for certain employees (including directors). Options are exercisable at the option price agreed at the date of grant. The options are settled in equity once exercised. The options have varying exercise conditions as described below and are exercisable from the date the condition has been met until ten years from the grant date. The expected life of the options varies from six months to fifty nine months. Options granted to employees are forfeited if the employee leaves the Group before the options vest.

	31 December 2021		31 December 2020	
	Number	**WAEP £**	Number	WAEP £
Outstanding at the beginning of the year	**516,000,000**	**0.0079**	473,500,000	0.0153
Issued	**-**	**-**	485,000,000	0.005
Lapsed	**(31,000,000)**	**0.05258**	-	-
Cancelled	**-**	**-**	(442,500,000)	0.0138
Outstanding at the end of the year	**485,000,000**	**0.005**	516,000,000	0.0079

The weighted average remaining life of share options at 31 December 2021 was 8.74 years.

11 SHARE-BASED PAYMENTS (CONTINUED)

The options have the following exercise prices and fair values at the date of grant:

First exercise date (when vesting conditions are met)	**Grant date**	**Assumed vesting period**	**Exercise price**	**Fair value at grant date**	**31 December 2021**	**31 December 2020**
			£	£	**Number**	**Number**
At the earlier of an exit event and 12 months after readmission to AIM	28-Feb-11	12 months	0.05	0.015628	-	21,000,000
At the earlier of an exit event and 12 months after readmission to AIM	28-Feb-11	12 months	0.09	0.006962	-	2,000,000
At the earlier of the first anniversary date of the date of grant or an exit event	11-Oct-11	6 months	0.05	0.015007	-	8,000,000
On completion of ATOG	08-Dec-20	7 months	0.005	0.005703	242,500,000	242,500,000
12 months after completion of ATOG	08-Dec-20	19 months	0.005	0.006457	121,250,000	121,250,000
24 months after completion of ATOG	08-Dec-20	31 months	0.005	0.00714	121,250,000	121,250,000
					485,000,000	516,000,000

The share options can be exercised up to between five years after the date first exercisable, and ten years from the grant date.

At 31 December 2021, 242,500,000 options were exercisable (2020: 31,000,000).

For those options granted to employees and directors, the fair values were calculated using the Black-Scholes model. The inputs into the model were as follows:

	8 December 2020	**23 January 2019**	**19 December 2017**	**11 October 2011**	**28 February 2011**
Risk free rate	0.27%	0.75%	0.50%	0.50%	0.50%
Share price volatility	100%	56%	108%	80%	80%
Expected life	Between 7 months and 31 months	Between 22 months and 46 months	Between 35 months and 59 months	Between 6 months and 3 years	1 year and 3 years
Share price at date of grant	£0.004	£0.00615	£0.0090	£0.0479	£0.0500

Expected volatility was determined by calculating the historical volatility of the Company's share price. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

11 SHARE-BASED PAYMENTS (CONTINUED)

The following assumptions were used with regards to the vesting period:

- The options granted on 28 February 2011 with a vesting date of 24 March 2014, were assumed to vest in 36 months on their vesting date as the share price was expected to rise above 9p by that time.
- The options granted on 28 February 2011 with a vesting date of 24 March 2012, were assumed to vest in 12 months on their vesting date as the share price was expected to rise above 5p by that time.
- The options granted on 10 October 2011 at were assumed to vest in 6 months on their vesting date a transaction was expected to complete in March 2012.
- The options granted on 19 December 2017 at were assumed to vest in 22/34/46 months on their vesting date as the successful first commercial production of hydrocarbons to surface is expected in October 2020.
- The options granted on 8 December 2020 at were assumed to vest in 7/19/31 months on their vesting date as the completion of ATOG occurred in June 2021.

The Group recognised a charge of $1,684,000 (year ended 31 December 2020: $1,354,000) relating to these equity-settled share-based payment transactions during the year

Warrants

On 11 August 2011, 20,000,000 warrants were issued to consultants at 5p. These warrants may be exercised, in whole or in part or parts, at any time from the date of grant until the tenth anniversary of the date of grant.

On 7 April 2014, 5,000,000 warrants were issued to S Fletcher at 5p for services performed as director. These warrants may be exercised, in whole or in part or parts, at any time between 1 October 2015 and 31 October 2024.

On 16 January 2019, 82,031,250 warrants at 0.64p were issued to European High Growth Opportunities Securitization Fund. These warrants may be exercised, in whole or in part or parts, at any time from the date of grant until the fifth anniversary of the date of grant.

On 27 August 2019, 15,000,000 warrants at 2p were issue to CCM Ventures Corp. These warrants may be exercised, in whole or in part or parts, at any time from the date of grant until the fifth anniversary of the date of grant.

On 5 November 2020, 74,452,660 warrants at 0.8p were issued to MBU Corporate Finance Ltd. These warrants may be exercised, in whole or in part or parts, at any time from the date of grant until 5 June 2023.

On 1 February 2021, 5,000,000 warrants at 1.5p were issued to Galatea Foundation. These warrants may be exercised, in whole or in part or parts, at any time from the date of grant until the fifth anniversary of the date of grant.

On 1 February 2021, 4,000,000 warrants at 1p were issued to various third party lenders. These warrants may be exercised, in whole or in part or parts, at any time from the date of grant 31 March 2021.

At 31 December 2020, a total of 181,483,910 warrants were exercisable. The weighted average exercise price is 1.06 pence and a weighted average remaining contractual life of 2.80 years.

11 SHARE-BASED PAYMENTS (CONTINUED)

At 31 December 2021, the following share warrants granted for services are outstanding in respect of the ordinary shares, which has a weighted average remaining contractual life of 1.88 years:

	2021 number	**2021 Weighted average exercise price (pence)**	2020 number	2020 Weighted average exercise price (pence)
Outstanding at 1 January	**181,483,910**	**1.06**	172,031,250	1.35
Granted during the year	**9,000,000**	**1.28**	74,452,660	0.80
Cancelled during the year	**-**	**-**	(15,000,000)	5.00
Lapsed during the year	**(5,000,000)**	**5.00**	(50,000,000)	2.00
Outstanding and exercisable at 31 December	**185,483,910**	**0.96**	181,483,910	1.06

Each warrant is governed by the provisions of warrant instruments representing the warrants which have been adopted by the Group. The rights conferred by the warrants are transferable in whole or in part subject to and in accordance with the transfer provisions set out in the Articles. The holders of warrants have no voting right, pre-emptive right or other right attaching to Ordinary Shares. All warrants issued vest in full.

The fair value of the services received is considered to be comparable to the fair value of the warrants issued in 2011 to 2021. These have been valued using the Black-Scholes valuation model. The inputs into the Black-Scholes model for calculating estimated fair values were as follows:

	Risk free rate	**Share price volatility**	**Exercise price**	**Share price at date of grant**	**Fair value at date of grant**
11 October 2011	0.50%	80%	£0.05	£0.0479	£0.150070
07 April 2014	0.50%	61.24%	£0.05	£0.0288	£0.017125
16 January 2019	0.75%	56.40%	£0.006	£0.00575	£0.002606
27 August 2019	0.75%	56.93%	£0.02	£0.00400	£0.000509
5 November 2020	0.27%	56.93%	£0.008	£0.00600	£0.001593
1 February 2021	0.086%	57.00%	£0.015	£0.00100	£0.003722
30 November 2021	0.075%	57.00%	£0.010	£0.00100	£0.001307

Expected volatility was determined by calculating the historical volatility of the Company's share price using historical share prices. The warrants issued in October 2011 were expected to vest in 12 months from date of grant. The warrants issued in April 2014 were expected to vest in 12 months from date of grant. All of the warrants issued in 2019, 2020 and 2021 were expected to vest immediately. Although some have not yet vested the assumptions made have not been changed as the effect was not considered to be material.

The Group recognised total expenses of $32,000 (2020: $155,000) relating to these equity-settled share-based payment transactions during the year.

12 SHARE CAPITAL & SHARE PREMIUM

Share capital	**31 December 2021**	31 December 2020
	$'000	$'000
Allotted, issued and fully paid		
4,282,688,699 (2020: 3,722,632,985) ordinary shares of 0.25p	**15,671**	14,374

12 SHARE CAPITAL & SHARE PREMIUM (CONTINUED)

The movement in share capital and share premium is analysed as follows:

	Ordinary shares	Share capital	Share premium
	No.	$000	$000
Allotted and issued			
At 31 December 2019	3,722,632,985	13,753	35,920
Shares issued for cash	82,400,000	279	835
Loan conversions	100,000,000	334	334
Loan fees	2,500,000	8	8
At 31 December 2020	**3,907,532,985**	**14,374**	**37,097**
Shares issued for cash	197,150,000	**679**	**2,036**
Loan conversions	13,640,000	**47**	**55**
Shares issued for investments	164,365,714	**571**	**3,429**
Share issue costs	-	**-**	**(22)**
At 31 December 2021	**4,282,688,699**	**15,671**	**42,595**

The ordinary shares carry one vote each and on winding up of the Company the balance of assets available for distribution will, subject to any relevant restrictions, be divided amongst the shareholders.

13 RECONCILIATION OF NET DEBT

	Short-term borrowings	Long-term borrowings	Total
	$'000	$'000	$'000
1 January 2021	**11,980**	**373**	**12,353**
Cash-flows:			
- Proceeds	334	-	334
- Interest paid	(36)	-	(36)
- Repayments	(172)	-	(172)
Non-cash:			
- Lease liabilities recognised	292	381	673
- Accrued interest	1,203	584	1,787
- Converted into shares	(102)	-	(102)
- Transfer to equity	(6)	-	(6)
- Foreign exchange movement	(26)	(14)	(40)
31 December 2021	**13,467**	**1,324**	**14,791**

13 RECONCILIATION OF NET DEBT (CONTINUED)

	Short-term borrowings $'000	Long-term borrowings $'000	Total $'000
1 January 2020	**9,139**	**-**	**9,139**
Cash-flows:			
- Proceeds	5,522	1,939	7,461
- Interest paid	(287)	-	(287)
- Repayments	(3,730)	-	(3,730)
Non-cash:			
- Accrued interest	1,909	82	1,991
- Converted into shares	(668)	-	(668)
- Transfer to equity	(4)	-	(4)
- Derivative recognised on initial recognition	-	(1,647)	(1,647)
- Foreign exchange movement	99	(1)	98
31 December 2020	**11,980**	**373**	**12,353**

14 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

At 31 December 2020, under the terms of the Anglo Tunisian Oil and Gas transaction, Sirius Petroleum Plc had committed to make payments of $5.5m in cash or shares or a combination of both by 31/03/2021 and $5.35m in cash by 30/09/2021 in order to complete the acquisition. These commitments were revised following agreements that were executed in June 2021, such that the Company has acquired a 10% economic interest in ATOG and has no further cash payment commitment relating to the ATOG transaction. There were no capital commitments or contingent liabilities at 31 December 2021.

15 CONTINGENT ASSETS

At 31 December 2020, under the terms of the Anglo Tunisian Oil and Gas transaction, Sirius Petroleum plc had a contingent interest in Anglo Tunisian Oil & Gas Limited of 40% subject to the payments above being made. There were no contingent assets at 31 December 2021.

16 UNDRAWN BORROWINGS

At 31 December 2021 and 31 December 2020 there was an undrawn convertible loan facility of $4,436,000 (£3,250,000). The drawdown of this loan is subject to the Company relisting on AIM, and shareholder approval.

17 LEASES AND RIGHT OF USE ASSETS

In March 2021 the Group entered into a new office lease at 25 Bury Street. The following amounts relate to leases.

Amounts included in property, plant and equipment in the statement of financial position:

	2021 $'000	2020 $'000
Right-of-use assets		
Properties	**542**	42
	542	42

17 LEASES AND RIGHT OF USE ASSETS (CONTINUED)

Amounts shown as lease liability in the statement of financial position:

	2021	2020
	$'000	$'000
Lease liabilities		
Current	**206**	-
Non-current	**381**	-
	587	-

The group leases the property at 25 Bury Street in London and an office in Lagos.

The lease in London was originally for a term of five years from March 2018, with a break clause after three years. Management served notice that it would avail itself of the break clause unless revised terms could be agreed. At 31 December 2020 no revised agreement had been signed and therefore management assumed the lease terminated in March 2021 in accounting for the lease. In 2021 revised terms were agreed and the lease has been renewed for a further four years. This has been treated as a new lease in accounting for the lease.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. The office in Nigeria is held on a 12 month lease.

In 2021 the Group recognised the following amounts in respect of leases:

	2021	2020
	$'000	$'000
Depreciation of right-of-use assets - properties	**173**	190
Interest expense (included in finance costs)	**10**	4
Expense relating to short-term leases (included in administrative expenses)	**25**	25
Expense relating to service charge payments not included in lease liabilities (included in administrative expenses)	**45**	41
	253	260

The total cash outflow in respect of leases was $124,000 (2020: $194,000).

18 FINANCIAL INSTRUMENTS

The Group is exposed to a variety of financial risks which result from both its operating and investing activities. The Board is responsible for co-ordinating the Group's risk management and focuses on actively securing the Group's short to medium term cash flows.

The Group does not actively engage in the trading of financial assets and has no financial derivatives. The most significant risks to which the Group is exposed are described below:

a Credit risk

The Group's credit risk is primarily attributable to its trade receivables. At 31 December 2021 and 31 December 2020, the Group had $Nil of trade receivables and, therefore, minimal risk.

18 FINANCIAL INSTRUMENTS (CONTINUED)

Generally, the Group's maximum exposure to credit risk is limited to the carrying amount of the financial assets recognised at the Statement of Financial Position date, as summarised below:

	31 December 2021			31 December 2020		
	Receivables held at amortised cost	**Non financial assets**	**Statement of Financial Position total**	Receivables held at amortised cost	Non financial assets	Statement of Financial Position total
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Other receivables	**298**	**-**	**298**	235	-	235
Prepayments and accrued income	**-**	**655**	**655**	-	558	558
Cash and cash equivalents	**61**	**-**	**61**	480	-	480
Total	**359**	**655**	**1,014**	715	558	1,273

The credit risk on liquid funds is limited due to the level of cash held and because the Group only places deposits with leading financial institutions in the United Kingdom.

b Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Directors prepare rolling cash flow forecasts and seek to raise additional equity funding whenever a shortfall in funding is forecast. Details of the going concern basis of preparing the financial statements are included in the principal accounting policies.

c Market risk

Interest rate risk

The Group bears negligible interest rate risk at 31 December 2021, as the majority of loans are on fixed interest rates, or had little or no further interest due.

d Foreign currency risk

The Group operates in the UK and Nigeria and carries out transactions in US dollars, Sterling and Nigerian Naira. The Group does not have a policy to hedge but will continue to keep this under review. The Group operates foreign currency bank accounts to help mitigate the foreign currency risk. The impact of foreign exchange gains and losses through the profit and loss in the year is immaterial. The average GBP exchange rate used during the year was USD 1.375650 (2020: 1.283601). The closing exchange rate at 31 December 2021 was USD 1.351202 (2020: 1.365008).

18 FINANCIAL INSTRUMENTS (CONTINUED)

e Financial liabilities

The Group's financial liabilities are classified as follows:

	31 December 2021			31 December 2020		
	Other financial liabilities at amortised cost	**Liabilities held at fair value**	**Total**	Other financial liabilities at amortised cost	Liabilities held at fair value	Total
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Trade payables	**4,514**	**-**	**4,514**	3,329	-	3,329
Other payables	**987**	**-**	**987**	818	-	818
Lease liability	**587**	**-**	**587**	-	-	-
Loans	**14,204**	**-**	**14,204**	12,353	-	12,353
Embedded derivative liability	**-**	**4,275**	**4,275**	-	3,719	3,719
Accruals	**1,126**	**-**	**1,126**	1,058	-	1,058
Total	**21,418**	**4,275**	**25,693**	17,558	3,719	21,277

Included in the table above is $500k relating to additional consideration for the Ororo field being the expected cash outflow on commencement of the operation of the well. This has been included in the Statement of Financial Position at 31 December 2021 at a fair value of $500k (2020: $500k).

As described on Note 10 Convertible Loan Notes amounting to $1,939,000 were issued in the year ended 31 December 2020.

The fair value of the conversion element embedded in the CLN was valued at inception using a Monte Carlo simulation to consider the values of the two conversion options. The major inputs used were as follows:
Share price at inception – 0.6p (as traded on JP Jenkins)
Share price at 31 December 2020 – 1p (as traded on JP Jenkins)
Volatility = 60% (Peer comparison)
Risk free interest rate – (GBP 6 month swap rate)
Probability of listing – 85% (Management assessment)

This resulted in the Conversion element of the CLN to be fair valued at $1,647,000 (GBP£1,289,000) at the time of issue and the debt element to be $292,000 (GBP: £211,129). The fair value of the Conversion element which is also a liability, was revalued at $3,719,000 (GBP: £2,725,000) at 31 December 2020.

At 31 December 2021, the Conversion element was revalued using the Black-Scholes model with the following inputs.

Share price at 31 December 2021 – 1.1p (as traded on JP Jenkins)
Volatility = 60% (Peer comparison)
Conversion price 0.4p
Number of shares to be issued should conversion take place at 31 December 2021 4,361,073
Remaining life 1.75 years
Risk free interest rate 0.27%

This resulted in a fair value of the Conversion element of $4,275,000 (GBP: £3,164,000) at 31 December 2021.

The resultant EIR on the debt element of the CLN was approximately 78.72% and interest of $414,000 (2020: $82,000) was recognised in the year. Foreign exchange movements of ($9,000) (2020: ($2,000)) were recognised, and the debt value of the loans at 31 December 2021 was $777,000 (2020: $372,000).

18 FINANCIAL INSTRUMENTS (CONTINUED)

All of the resulting fair value estimates are included in level 2, except for unlisted equity securities, a contingent consideration receivable and certain derivative contracts, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

Maturity of financial instruments
All financial liabilities except the lease liability and a convertible loan in the table above at 31 December 2021 and 31 December 2020 mature in less than one year. The maturity of theses liabilities is shown below:

	2021	2020
	$'000	$'000
Lease liability		
Amounts due within one year	**206**	-
Amounts due in one to five years	**381**	-
Loans		
Amounts due within one year	**13,261**	11,980
Amounts due in one to five years	**943**	373

Borrowing facilities for the year ended 31 December 2021

f At 31 December 2021 and 31 December 20200 there was an undrawn convertible loan facility of $4,436,000 (£3,250,000). The drawdown of this loan is subject to the Company relisting on AIM, and shareholder approval.

g **Capital risk management**
The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern, so that it continues to provide returns and benefits for the shareholders;
- to support the Group's stability and growth; and
- to provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and equity holder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. Management regards total equity as capital and reserves, for capital management purposes. Capital comprises the share capital and share premium.

The financial statements show that the Group's net assets are less than half its called up share capital. In these circumstances, the Directors of the Group are obliged by section 656 of the CA 2006 to convene a general meeting for the purposes of considering whether any and if so what, steps should be taken to deal with the Group's current financial position. The Directors will consider this issue at the Company's forthcoming Annual General Meeting.

19 RELATED PARTY TRANSACTIONS

At 31 December 2021 the following amounts were due to directors:

31 December 2021	Expenses	Accrued salary
O Kuti	-	76,005
J Pryde	130	300,868

31 December 2020	Expenses	Accrued salary
O Kuti	-	124,557
J Pryde	-	327,830
T Hayward	2,482	-

19 RELATED PARTY TRANSACTIONS (CONTINUED)

During the year, the Company made loans of $92,753 (2020: $135,027) to Sirius Taglient Petro Limited (a subsidiary undertaking) for cash advances to cover operating expenses and invoices paid on their behalf. At 31 December 2020, Sirius was owed $4,546,710 (2020: $4,453,957) from Sirius Taglient Petro Limited, which has been provided for in full.

19 EMPLOYEE REMUNERATION

The expense recognised for employee benefits, including the Directors' emoluments, is analysed below:

	2021	2020
	$'000	$'000
Wages and salaries	**1,196**	1,129
Pension contributions	**19**	18
Social security	**145**	143
Share-based payments	**1,610**	1,179
Benefits in kind	**58**	26
	3,028	2,495

The Directors are the Key Management Personnel of the Group. The remuneration of individual Directors is disclosed in the Remuneration Report.

The expenses recognised in respect of Directors is:

	2021	2020
	$'000	$'000
Directors remuneration	**749**	696
Pension contributions	**8**	8
Social security	**85**	92
Share-based payments	**1,158**	997
Benefits in kind	**42**	24
	2,042	1,817

The average number of employees during the year was:

	2021	2020
	No.	No.
Directors	**5**	5
Other	**11**	11
	16	16

20 SUBSIDIARIES

The following subsidiaries have been consolidated in these accounts:

Subsidiary	Proportion of ordinary share capital held	Nature of business	Registered office	Country of incorporation
Sirius Oil & Gas Limited	100%	Dormant	16 Great Queen Street, London, WC2B 5DG	England and Wales
Sirius Taglient Petro Limited	50%	Management services	340/344 Ikrodu Road, Maryland, Lagos	Nigeria
Sirius Trading Nigeria Limited	100%	Trading of oil	340/344 Ikrodu Road, Maryland, Lagos	Nigeria
Sirius Ororo OML95 Limited	100%	Exploration for mineral resources	340/344 Ikrodu Road, Maryland, Lagos	Nigeria
SRS Petroleum Nigeria Limited	100%	Exploration for mineral resources	340/344 Ikrodu Road, Maryland, Lagos	Nigeria
Sirius Exploration and Production Company Limited	100%	Exploration for mineral resources	340/344 Ikrodu Road, Maryland, Lagos	Nigeria
Tende Energy Limited	100%	Exploration for mineral resources	Unit 07, Level 15, Gate District, Gate Building, DIFC	Dubai

21 SUBSEQUENT EVENTS

On 8 March 2022, 73,887,557 Ordinary shares of 0.25p were issued for cash raising $1,217,150 (£928,313).

On 10 March 2022, 33,333,333 Ordinary shares of 0.25p were issued for cash raising $657,121 (£500,000).

On 12 May 2022, 19,666,667 Ordinary shares of 0.25p were issued for cash raising $360,144 (£295,000).

On 20 May 2022, 1,333,333 Ordinary shares of 0.25p were issued for cash raising $24,948 (£20,000).

On 18 August 2022, 83,260,619 Ordinary shares of 0.25p were issued for cash raising $2,000,000 (£1,665,212).

On 30 August 2022, 6,437,565 Ordinary shares of 0.25p were issued for cash raising $140,914 (£117,085).

Additionally, a number of agreements were signed in relation to OML65, as described in further detail in the Chairman & CEO's statement. Although the Group is only a 30% shareholder in COPDC, it will be consolidated on the basis that substantially all cash flows generated by COPDC will be swept by the Company, under the terms of a Facility Agreement executed between the Company and COPDC. This arrangement remains in place until the Company has recovered all sums invested by the Company, via COPDC, to fund the approved work programme on OML65. Additionally, the Company is entitled to appoint a number of number of Directors to the Board of COPDC such that it exerts a significant influence over executive decisions within COPDC.

The Board also anticipate that the Sirius/Somoil JV will be controlled by Sirius and consolidated into the Group Financial Statements.

SIRIUS PETROLEUM PLC

COMPANY STATUTORY FINANCIAL STATEMENTS

(PREPARED UNDER UK GAAP – FRS 102)

FOR THE YEAR ENDED

31 DECEMBER 2021

Company No 05181462

SIRIUS PETROLEUM PLC

STATEMENT OF FINANCIAL POSITION

As At 31 December 2021

	Note	31 December 2021 $'000	31 December 2020 $'000
ASSETS			
Fixed assets			
Investments	*2*	**4,502**	-
Tangible fixed assets	*3*	**-**	21
Total fixed assets		**4,502**	21
Current assets			
Cash and cash equivalents		**59**	476
Trade and other receivables	*4*	**1,232**	834
Total current assets		**1,291**	1,310
Total assets		**5,793**	1,331
LIABILITIES			
Current liabilities			
Trade and other payables	*5*	**5,880**	4,358
Loans payable	*5*	**13,261**	11,980
Embedded derivative	*5*	**4,275**	3,719
Total currentliabilities		**23,416**	20,057
Liabilities due after one year			
Loans	*5*	**943**	373
Total liabilities		**24,359**	20,430
EQUITY			
Share capital	*7*	**15,671**	14,374
Share premium		**42,595**	37,097
Share-based payment reserve	*6*	**3,126**	2,282
Exchange reserve		**117**	97
Other reserve		**1**	4
Retained earnings		**(80,076)**	(72,953)
Equity attributable to equity holders of the Company		**(18,566)**	(19,099)
Total equity and liabilities		**5,793**	1,331

The Company's loss for the year was $8,004,000 (year ended 31 December 2020: $9,697,000).

The financial statements were approved by the Board and authorised for issue on 23 December 2022.

J Pryde
Director
23 December 2022
Company number: 05181462

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

SIRIUS PETROLEUM PLC

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Share capital	Share premium	Share based payment reserve	Exchange & other reserves	Retained earnings	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2020	13,753	35,920	4,836	195	(67,323)	(12,619)
Share based payments	-	-	1,509	-	-	1,509
Share issue	621	1,177	-	-	-	1,798
Equity element of convertible loans	-	-	-	8	-	8
Equity element of convertible loans trf on repayment	-	-	-	(4)	4	-
Transfer on lapse of options/warrants	-	-	(4,063)	-	4,063	-
Transactions with owners	621	1,177	(2,554)	4	4,067	3,315
Exchange difference on translating foreign operations	-	-	-	(98)	-	(98)
Loss for the year	-	-	-	-	(9,697)	(9,697)
Total comprehensive (loss)/profit for the year	-	-	-	(98)	(9,697)	(9,795)
Balance at 31 December 2020	14,374	37,097	2,282	101	(72,953)	(19,099)
Share based payments	-	-	1,716	-	-	1,716
Share issue	1,297	5,520	-	-	-	6,817
Share issue costs	-	(22)	-	-	-	(22)
Equity element of convertible loans	-	-	-	6	-	6
Equity element of convertible loans trf on repayment	-	-	-	(9)	9	-
Transfer on lapse of options/warrants	-	-	(872)	-	872	-
Transactions with owners	1,297	5,498	844	(3)	881	8,517
Loss for the year	-	-	-	-	(8,004)	(8,004)
Total comprehensive loss for the year	-	-	-	20	(8,004)	(7,984)
Balance at 31 December 2021	**15,671**	**42,595**	**3,126**	**118**	**(80,076)**	**(18,566)**

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

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention and in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102, and in accordance with the Companies Act 2006.

The individual accounts of Sirius Petroleum plc have also adopted the following disclosure exemptions, as permitted by section 408 of the Companies Act 2006, as it meets the definition of a qualifying entity due to the disclosures being made in the consolidated financial statements:

- the requirement to present a statement of comprehensive income and related notes
- the requirement to present a statement of cash flows and related notes
- the requirement to disclose financial instruments
- the requirement to disclose key management personnel compensation
- the requirement to disclose share based payments

GOING CONCERN

The Directors have prepared cash flow forecasts for the period up to December 2023 based on the completion of the OML65 transaction that has been discussed in the Chairman's statement. The Angolan acquisition has been excluded from these forecasts as it is subject to separate funding arrangements.

The Group has executed a senior secured term loan facility of up to $200m with Trafigura to cover its capital expenditure requirements, and a $20m working capital facility as part of the OML65 offtake agreements, which acts as an advance payment facility with sums drawn based on accumulated production volumes and repaid at the point of a lifting. The Group also has committed mezzanine loan and equity funding totalling $15m. The equity can be utilized for general working capital purposes, including repayment of all loans and creditors that are outstanding at the present time.

The projections indicate that the Group would have sufficient cash to cover liabilities as they fall due in the going concern period. This includes fully repaying all non-convertible loans and creditors that are outstanding or overdue for settlement at the present time. All non-convertible loans and other creditors are due for payment within one year.

The Directors therefore believe that the Group and parent company will have sufficient cash resources to meet its liabilities as they fall due for a period of at least 12 months from the date that the financial statements are signed. Consequently, the financial statements have been prepared on a going concern basis.

OTHER INCOME

Other income represents the total value, excluding VAT, of income receivable from government grants services. Income is recognised as the services are provided or the period to which the grant relates.

TAXATION

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the Statement of Financial Position date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable result for the period. All changes to current tax assets or liabilities are recognised as a component of tax expense in the statement of comprehensive income.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the financial statements with their respective tax bases. In addition, tax losses available to be carried forward as well as other income tax credits to the Company are assessed for recognition as deferred tax assets.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to be offset against future taxable income. Deferred tax assets and liabilities are

calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the Statement of Financial Position date.

Most changes in deferred tax assets or liabilities are recognised as a component of tax expense in the statement of comprehensive income. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that is charged or credited directly to equity or other comprehensive income are charged or credited directly to equity or other comprehensive income.

FINANCIAL ASSETS

The Company's financial assets comprise cash, loans receivable and trade and other receivables.

All financial assets are recognised when the Company becomes party to the contractual provisions of the instrument. All financial assets are initially recognised at fair value, plus transaction costs.

Financial assets categorised as loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest rate method.

Trade and other receivables are provided against when objective evidence is received that the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows, calculated by discounting using the original discounted rate.

Financial assets are derecognised when the rights to receive cash flows for the asset expire or the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial asset. On derecognition of a financial asset, the difference between the assets carrying amount and the sum of the consideration is recognised in the statement of comprehensive income.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash at bank and in hand, bank deposits repayable on demand, and other short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, less advances from banks repayable on demand from the date of the advance if the advance forms part of the Company's cash management.

CLASSIFICATION AS FINANCIAL LIABILITIES OR EQUITY

Financial instruments or their component parts are classified according to the substance of the contractual arrangements entered into.

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities under potentially unfavourable conditions. In addition, contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to equity.

A compound instrument is a non-derivative financial instrument which contains both a liability and an equity component. These components are accounted for separately as financial liabilities and equity components, and are presented separately in the statement of financial position.

EQUITY

Share capital is determined using the nominal value of shares that have been issued.

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Where warrants have been issued for services in relation to procuring subscribers, the relevant fair value charge has been set against share premium as a cost of issue.

The share-based payment reserve represents the cumulative amount which has been expensed in the statement of comprehensive income in connection with share-based payments, less any amounts transferred to retained earnings on the exercise of share options or warrants.

Other reserves comprise the amounts arising on the initial recognition of compound instruments.

Translation reserves are amounts in respect of unrealised exchange differences.

Retained earnings include all current and prior year results as disclosed in the statement of comprehensive income.

FINANCIAL LIABILITIES

The Group's financial liabilities comprise trade and other payables, bank overdrafts, lease liability and loans payable.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in finance costs in the statement of comprehensive income using the effective interest method.

Trade and other payables are recognised initially at fair value, net of direct issue costs, and are subsequently recorded at amortised cost using the effective interest method with interest related charges recognised as an expense in the statement of comprehensive income.

Loans payable are recognised initially at fair value, net of direct issue costs and subsequently measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are recognised in the statement of comprehensive income on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. The embedded derivative liability, relating to a convertible loan where the carrying liability converts into a variable number of shares, is held at "fair value through profit or loss".

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the statement of comprehensive income.

COMPOUND INSTRUMENTS

On initial recognition, the fair value of the consideration for the liability component of the instrument is determined based on the fair value of a similar instrument that does not have an equity conversion option and recognised as a financial liability. Subsequent measurement is in accordance with the financial liabilities accounting policy.

The equity component is recognised initially as the residual value remaining when the fair value of the debt component is compared to the fair value of the compound instrument as a whole. The equity component is not remeasured after initial recognition except on expiry.

OTHER PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the Statement of Financial Position date, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of settlement of the present obligation is recognised, if virtually certain as a separate asset, not exceeding the amount of the related provision. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. In addition, long-term provisions are discounted to their present values, where time value of money is material. All provisions are reviewed at each Statement of Financial Position date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognised in the statement of financial position. Probable inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

SHARE-BASED PAYMENTS

Options
The Company issues equity-settled share-based payments to certain employees (including directors) in the form of options. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, together with a corresponding increase in equity, based upon the Company's estimate of the shares that will eventually vest.

Fair value is measured using the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates.

No adjustment is made to the expense recognised in prior periods if fewer share options are ultimately exercised than originally estimated. Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of shares issued are allocated to share capital with any excess being recorded as share premium. No share options were exercised in either year. All five directors hold share options.

Warrants
The Company has also issued equity settled share-based payments to certain employees (including directors), and in respect of services provided by external consultants in the form or warrants. The share-based payment is measured at fair value of the services provided at the grant date, or if the fair value of the services cannot be reliably measured using the Black-Scholes model. The expense is allocated over the vesting period. Where services provided relate to the issue of shares the expense has been charged to share premium.

FEES AND LOANS SETTLED IN SHARES

Where shares have been issued as consideration for services provided or loans outstanding they are measured at the fair value of the services provided. The difference between the carrying amount of the financial liability (or part thereof) extinguished, and the fair value of the shares, is recognised in the statement of comprehensive income.

PROPERTY, PLANT AND EQUIPMENT

Measurement basis

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use. Subsequent expenditure relating to property, plant and equipment is added to the carrying amount of the assets only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

All other costs, such as repairs and maintenance are charged to the statement of comprehensive income during the period in which they are incurred.

When assets are sold, any gain or loss resulting from their disposal, being the difference between the net disposal proceeds and the carrying amount of the assets, is included in the statement of comprehensive income.

Depreciation

Depreciation is calculated so as to write off the cost of property, plant and equipment, less its estimated residual value, over its useful economic life as follows:

Computer equipment	-	within the current financial year
Office equipment	-	straight-line over 3 years

OPERATING LEASES

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

FOREIGN CURRENCIES

In the individual financial statements foreign currency transactions are translated into the functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the

rates of exchange ruling at the reporting date. Non-monetary items that are measured at historic cost in a foreign currency are translated at the exchange rate at the date of transaction and are not re-translated. Non-monetary assets that are measured at fair value in a foreign currency are translated into the functional currency using the exchange rates at the date when the fair value was determined. The functional currency of the Company has been retrospectively reassessed by Management as being USD effective from 2017, (previously GBP) and the presentational currency of the Company is USD. The effect of this reassessment was not material and has been included in the 2021 financial statements.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the statement of comprehensive income in the period in which they arise.

Non-monetary assets that are measured at fair value in a foreign currency are translated into the functional currency using the exchange rates at the date when the fair value was determined.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the statement of comprehensive income in the period in which they arise.

FOREIGN CURRENCIES (Continued)

In the financial statements all individual financial statements that are originally presented in a currency different from the Company's presentational currency have been converted into USD. Assets and liabilities have been translated into USD at the closing rates at the reporting date. Income and expenses have been converted into USD at the exchange rates at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this process have been recognised in other comprehensive income and accumulated separately in the currency exchange reserve in equity.

The average GBP exchange rate used during the year was USD 1.375650 (2020: 1.283601). The closing exchange rate at 31 December 2021 was USD 1.351202 (2020: 1.365008).

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Critical accounting estimates and assumptions

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

Share-based payment
Management has made a number of assumptions in calculating the fair value of the share options as detailed in note 10. The first critical assumption used is the estimated date of first hydrocarbons to surface which determine the exercise date of the options granted in December 2017. In management's opinion this event occurred on execution of the ATOG agreement on 6 November 2020, when the Group secured its entitlement to oil revenues under the conditional agreements. The second critical assumption used is the estimated date of completion of the ATOG acquisition which determines the exercise date of the options granted in December 2020. In management's opinion this event is occurred in June 2021. As a condition of the grant of the options in December 2020 the options granted in December 2017 were cancelled and this was therefore treated as a modification. The key assumptions used in valuing the cancelled options was the expected exercise date which was considered to have been between one and three years at the time of cancellation. The share-based payment is charged to the statement of financial income over the period between the grant of the options and the expected vesting date.

Treatment of convertible loans
Management have assessed the Convertible Loan Notes ("CLN") issued on 22 September 2020 to have both a debt and an equity element. The CLN has a notional of £1,500,000, 12.0% fixed interest paid in kind ("PIK" or the "Interest") with a final maturity being 31 August 2023 (the "Redemption Date"). The CLN is unsecured and it is convertible to the ordinary share of Sirius at the conversion price (the "Conversion Price") upon the listing of the Company or at option of the Noteholders. Pursuant to the CLN documentation the conversion price (the "Conversion Price") is £0.004 per ordinary share of Sirius when conversion occurs at the election of the Noteholders ("Noteholders' Conversion"), however if the conversion occurs at the election of the Company ("Company Conversion"), the Conversion Price is the lower of £0.004 per share or 87.5% of the placing price of an ordinary share upon listing provided that if such calculation results in the Conversion Price being less than the nominal value of an ordinary share, the Conversion Price will be the nominal value. Management have assessed the Conversion element of the CLN to be £1,288,871 ($1,646,753) at the time of issue and the debt element to be £211,129 ($269,753). At 31 December 2020 the fair value of the Converson element to be £2,725,000 ($3,719,000). At inception the fair value was measured using a Monte Carlo simulation. Management assessed the fair value of the Conversion element of the liability at 31 December 2021 using the Black-Scholes model, resulting value of £3,164,000 ($4,275,000). Full details of the assumptions made and inputs used are set out in Note 10 of the Group Financial Statements.

Valuation of Investments

The Company holds an investment in the shares of ATOG which is unquoted. The Company is required to make judgments over the carrying value of investments in unquoted companies where fair values cannot be readily established and evaluate the size of any impairment required. It is important to recognise that the carrying value of such investments cannot always be substantiated by comparison with independent markets and, in many cases, may not be capable of being realised immediately. Management's significant judgement in this regard is that the value of their investment represents their cost less previous impairment. Management reviews each unquoted investment at each reporting date for indications of impairment. Management concluded that no impairment was necessary in the current year.

1 TAXATION

There is no current or deferred tax charge for the year (year ended 31 December 2020: $nil).

Unrelieved tax losses of approximately $35,733,000 (2020: $30,565,000) remain available to offset against future taxable trading profits. The unprovided deferred tax asset at 31 December 2020 is $8,933,000 (2020: $5,807,000) which has not been provided on the grounds that it is uncertain when or in what tax jurisdiction taxable profits will be generated by the Group to utilise those losses. There are no deferred tax liabilities. The 2021 budget increases the corporation tax rate to 25% from 1 April 2023. Deferred tax assets and liabilities at 31 December 2021 have been calculated based on the rate of 25% substantively enacted at the balance sheet date.

The tax assessed for the year differs from the standard rate of corporation tax in the UK as follows:

	2021	**2021**	2020	2020
	$'000	**%**	$'000	%
Loss before taxation	**(8,004)**		(9,697)	
Loss multiplied by standard rate of corporation tax in the UK	**(1,555)**	**(19.00)**	(1,850)	(19.00)
Effect of:				
Expenses not deductible for tax purposes	**539**	**(19.00)**	449	(19.00)
Unrelieved tax losses	**982**	**(19.00)**	1,393	(19.00)
Total tax charge for year	**-**		-	

2 FIXED ASSET INVESTMENTS

	Investment in group undertakings	**Other investments**	**Total**
	$'000	**$'000**	**$'000**
Cost			
At 31 December 2019	19,276	-	19,276
Disposals	(16)	-	(16)
At 31 December 2020	19,260	-	19,260
Additions	-	4,502	4,502
At 31 December 2021	19,260	4,502	23,762
Amounts written off:			
At 31 December 2019 and 31 December 2020 and 31 December 2021	19,260	-	19,260
Net book value at 31 December 2021	-	4,502	4,502
Net book value at 31 December 2020	-	-	-
Net book value at 31 December 2019	16	-	16

2 FIXED ASSET INVESTMENTS (CONTINUED)

At 31 December 2021 the Company holds ordinary share capital in the following subsidiary undertakings:

Subsidiary	**Proportion of ordinary share capital held**	**Nature of business**	**Registered office**	**Country of incorporation**
Sirius Oil & Gas Limited	100%	Dormant	16 Great Queen Street, London, WC2B 5DG	England and Wales
Sirius Taglient Petro Limited	50%	Management services	340/344 Ikrodu Road, Maryland, Lagos	Nigeria
Sirius Trading Nigeria Limited	100%	Trading of oil	340/344 Ikrodu Road, Maryland, Lagos	Nigeria
Sirius Ororo OML95 Limited	100%	Exploration for mineral resources	340/344 Ikrodu Road, Maryland, Lagos	Nigeria
SRS Petroleum Nigeria Limited	100%	Exploration for mineral resources	340/344 Ikrodu Road, Maryland, Lagos	Nigeria
Sirius Exploration and Production Company Limited	100%	Exploration for mineral resources	340/344 Ikrodu Road, Maryland, Lagos	Nigeria
Tende Energy Limited	100%	Exploration for mineral resources	Unit 07, Level 15, Gate District, Gate Building, DIFC	Dubai

At 31 December 2021 the Company owned 50% of the shares in Sirius Taglient Petro Limited, a company incorporated in Nigeria, to operate in the oil and gas sector. The Company has the right to acquire the remaining 50% shares for a nominal sum and has management and operating control of that company.

Other investments relate to the Company’s 10% investment in ATOG.

3 PROPERTY, PLANT AND EQUIPMENT

	Computer equipment $' 000	Office equipment $'000	Total $'000
Cost			
At 1 January 2020	62	299	361
Additions	-	-	-
At 31 December 2020	**62**	**299**	361
Additions	5	-	5
At 31 December 2021	**67**	**299**	**366**
Depreciation			
At 1 January 2020	62	179	241
Charge for the year	-	99	99
At 31 December 2020	**62**	278	340
Charge for the year	5	21	26
At 31 December 2021	**67**	**299**	**366**
Net book value			
Balance at 31 December 2021	**-**	**-**	**-**
Balance at 31 December 2020	**-**	21	21
Balance at 1 January 2020	-	**120**	**120**

4 DEBTORS

	31 December 2021 $'000	31 December 2020 $'000
Other debtors	**278**	232
Amounts owed by subsidiary undertakings	**278**	-
Prepayments and accrued income	**676**	602
	1,232	834

Given the uncertainty of the recoverability of the amounts owed by Group undertakings management have provided in full for the outstanding balances except for amounts owed by Tende Energy Limited. The amounts provided for total $20,642,140 (2020: $20,549,000).

5 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2021	31 December 2020
	$'000	$'000
Trade creditors	**4,482**	3,301
Social security and other taxes	**159**	189
Other creditors	**195**	4
Loans	**14,204**	12,353
Accruals and deferred income	**1,044**	864
	20,084	16,711

There are deferred payments of $97,000 (2019: $97,000) in trade payables which only become due three months after first hydrocarbons to surface from Ororo, management expect this to be within one year of the balance sheet date and therefore have presented these amounts as such.

The fair value of trade and other payables has not been disclosed as, due to their short duration, management consider the carrying amounts recognised in the Statement of Financial Position to be a reasonable approximation of their fair value.

During the year the Group received convertible loans of $167,000 (2020: $2,711,000). Of this $15,000 plus $87,000 of 2020 loans (2020: $668,000) was converted, $129,000 (2020: $151,000) of capital and fees were repaid, $6,000 (2020: $1,655,000) was treated as equity and $9,000 of equity (2020: $4,000) was extinguished in the year, and there was a ($17,000) (2020: $109,000) exchange movement.

For details of the treatment on these loans and the derivative liability see note 10 of the consolidated financial statements.

6 SHARE-BASED PAYMENTS

Details of share-based payments are disclosed in note 11 of the consolidated financial statements.

7 SHARE CAPITAL & SHARE PREMIUM

Share capital	**31 December 2021**	31 December 2020
	$'000	$'000
Allotted, issued and fully paid		
4,282,688,699 (2020: 3,722,632,985) ordinary shares of 0.25p	**15,671**	14,374

7 SHARE CAPITAL & SHARE PREMIUM (CONTINUED)

The movement in share capital is analysed as follows:

	Ordinary shares No.	Share capital $000	Share premium $000
Allotted and issued			
At 31 December 2019	3,722,632,985	13,753	35,920
Shares issued for cash	82,400,000	279	835
Loan conversions	100,000,000	334	334
Loan fees	2,500,000	8	8
At 31 December 2020	**3,907,532,985**	**14,374**	**37,097**
Shares issued for cash	197,150,000	**679**	**2,036**
Loan conversions	13,640,000	**47**	**55**
Shares issued for investments	164,365,714	**571**	**3,429**
Share issue costs	-	**-**	**(22)**
At 31 December 2021	**4,282,688,699**	**15,671**	**42,595**

The ordinary shares carry one vote each and on winding up of the Company the balance of assets available for distribution will, subject to any relevant restrictions, be divided amongst the shareholders.

8 LOSS FOR THE FINANCIAL YEAR

The Company has taken advantage of the exemption under the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The Company's loss for the year was $8,004,000 (2020: $9,697,000).

	31 December 2021 $'000	31 December 2020 $'000
Fees payable to the Company's auditor for the audit of the financial statements	**81**	89
Fees payable to the Company's auditor and its associates for other services:		
Services as reporting accountant	**105**	
Other services relating to taxation compliance	**-**	4

8 OPERATING LEASES

On 21 March 2018, the Company entered into a lease on its premises at 25 Bury Street for a minimum term of three years. As 31 December 2020 the Company had served notice that it would avail itself of the break clause to end the lease on 20 March 2021, unless revised terms could be agreed. Revised terms were agreed subsequent to the year end for a new four year term. The amounts due under this lease are as follows:

	Land and Buildings	
	2021	**2020**
	$'000	$'000
Amounts due within one year	**206**	-
In two to five years	**409**	-

9 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

At 31 December 2020, under the terms of the Anglo Tunisian Oil and Gas transaction, Sirius Petroleum Plc had committed to make payments of $5.5m in cash or shares or a combination of both by 31/03/2021 and $5.35m in cash by 30/09/2021 in order to complete the acquisition. These commitments were revised following agreements that were executed in June 2021, however there may also be further costs payable in respect of late or non-payment but these are not easily quantifiable. There were no capital commitments or contingent liabilities at 31 December 2021.

10 CONTINGENT ASSETS

At 31 December 2020, under the terms of the Anglo Tunisian Oil and Gas transaction, Sirius Petroleum plc had a contingent interest in Anglo Tunisian Oil & Gas Limited of 40% subject to the payments above being made. There were no contingent assets at 31 December 2021.

11 UNDRAWN BORROWINGS

At 31 December 2021 and 31 December 2020 there was an undrawn convertible loan facility of $4,436,000 (£3,250,000). The drawdown of this loan is subject to the Company relisting on AIM, and shareholder approval.

12 RELATED PARTY TRANSACTIONS

At 31 December 2021 the following amounts were due to directors:

31 December 2021	Expenses	Accrued salary
O Kuti	-	76,005
J Pryde	130	300,868

31 December 2020	Expenses	Accrued salary
O Kuti	-	124,557
J Pryde	-	327,830
T Hayward	2,482	-

During the year, the Company made loans of $92,753 (2020: $135,027) to Sirius Taglient Petro Limited (a subsidiary undertaking) for cash advances to cover operating expenses and invoices paid on their behalf. At 31 December 2020, Sirius was owed $4,546,710 (2020: $4,453,957) from Sirius Taglient Petro Limited, which has been provided for in full. The Company has taken advantage of the exemption under FRS 102 to not disclose transactions with wholly owned group companies.

13 EMPLOYEE REMUNERATION

The expense recognised for employee benefits, including the Directors' emoluments, is analysed below:

	2021	2020
	$'000	$'000
Wages and salaries	**1,032**	1,031
Pension contributions	**19**	18
Social security	**129**	125
Share-based payments	**1,520**	1,091
Benefits in kind	**27**	26
	2,727	2,291

The Directors are the Key Management Personnel of the Group. The remuneration of the highest paid employee was $238,151 (2020: $232,327) and pension contributions of $1,814 (2020: $1,698) were made by the company. Pension contributions were made in respect of all five directors.

The expenses recognised in respect of Directors is:

	2021	2020
	$'000	$'000
Directors remuneration	**694**	696
Pension contributions	**8**	8
Social security	**85**	92
Share-based payments	**1,158**	997
Benefits in kind	**42**	24
	1,987	1,817

The average number of employees during the year was:

Average monthly number of employees		
	2021	2020
	No.	No.
Directors	**5**	5
Other	**5**	5
	10	10

14 SUBSEQUENT EVENTS

On 8 March 2022, 73,887,557 Ordinary shares of 0.25p were issued for cash raising $1,217,150 (£928,313).

On 10 March 2022, 33,333,333 Ordinary shares of 0.25p were issued for cash raising $657,121 (£500,000).

On 12 May 2022, 19,666,667 Ordinary shares of 0.25p were issued for cash raising $360,144 (£295,000).

14 SUBSEQUENT EVENTS (CONTINUED)

On 20 May 2022, 1,333,333 Ordinary shares of 0.25p were issued for cash raising $24,948 (£20,000).

On 19 August 2022, 83,260,619 Ordinary shares of 0.25p were issued for cash raising $2,000,000 (£1,665,212).

On 18 August 2022, 83,260,619 Ordinary shares of 0.25p were issued for cash raising $2,000,000 (£1,665,212).

On 30 August 2022, 6,437,567 Ordinary shares of 0.25p were issued for cash raising $140,914 (£117,085).

Additionally, a number of agreements were signed in relation to OML65, as decribed in further detail in the Chairman & CEO's statement.

Additionally, a number of agreements were signed in relation to OML65, as decribed in further detail in the Chairman & CEO's statement. This will result in a significant investment in subsidiary undertakings being recognised in the Company Financial Statements, as well as significant revenues being recognised as expenses incurred in connection with the venture are recoverable.

The Board also anticipate that the Sirius/Somoil JV will result in a significant investment in subsidiary undertakings being recognised in the Company Financial Statements.

Sirius Petroleum Plc

(Incorporated and registered in England and Wales with registered number 05181462)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an annual general meeting of the members of Sirius Petroleum Plc (the "**Company**") will be held at 10:00 a.m. on Tuesday 31 January 2023 at the offices of Fladgate LLP, 16 Great Queen Street, London WC2B 5DG to consider in accordance with section 656 of the Companies Act 2006 whether any, and if so what, steps should be taken to deal with the situation that the net assets of the Company are less than half its called up share capital. In addition, the meeting will consider and, if thought fit, pass the following resolutions of which Resolutions 1, 2, 3 and 4 will be proposed as ordinary resolutions and Resolution 5 as a special resolution.

ORDINARY RESOLUTIONS

1. To receive the accounts and reports for the financial year ended 31 December 2021.
2. To re-elect Olukayode Kuti, who is retiring by rotation, as a director.
3. To reappoint PKF Littlejohn LLP as auditors of the Company and to authorise the Directors to determine their remuneration.
4. That:

   4.1. the Directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (**Act**) to issue and allot shares in the Company or grant rights to subscribe for or to convert any security into shares of the Company (**Rights**) up to an aggregate nominal amount of £7,500,000**,** provided that this authority will, unless previously renewed, varied or revoked, expire on 31 January 2024 or, if earlier, at the conclusion of the next annual general meeting of the Company except that the Company may, before such expiry, make offers or agreements which would or might require Rights to be allotted or granted after such expiry and the Directors may allot or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired; and

   4.2. this authority revokes and replaces all unexercised authorities previously granted to the Directors to allot or grant Rights, but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

SPECIAL RESOLUTION

5. That, subject to the passing of resolution 4:

   5.1. in accordance with section 570 of the Act, the Directors be given the general power to allot equity securities (as defined in section 560 of the Act) for cash, pursuant to the authority conferred by resolution 4 for cash as if section 561(1) of the Act did not apply to any such allotment. This power is limited to:

   5.1.1. (subject to such exclusions or other arrangements as the Board of Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in, or under, the laws of any territory or the requirements of any regulatory body or stock exchange) the allotment of equity securities in connection with an offer by way of a rights issue;

5.1.1.1. to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and

5.1.1.2. to the holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

5.1.2. the allotment (otherwise than pursuant to paragraph 5.1.1) of equity securities up to an aggregate nominal amount of £7,500,000; and

5.2. the directors may, for the purposes of 5.1, impose any limits or restrictions and make any arrangements which they consider necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or any regulatory body or stock exchange; and

5.3. the power granted by this resolution will expire on 31 January 2024 or, if earlier, at the conclusion of the next annual general meeting of the Company (unless previously renewed, varied or revoked by the Company prior to or on such date) except that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to any such offer or agreement notwithstanding that the power conferred by this resolution has expired; and

5.4. this resolution revokes and replaces all unexercised powers previously granted to the Directors to allot equity securities as if Section 561(1) of the Act did not apply but without prejudice to any allotment of equity securities already made, offered or agreed to be made pursuant to such authorities.

Dated: 30 December 2022

By order of the Board

Simon Hawkins
Company Secretary

Registered office:

First Floor
25 Bury Street
London
SW1Y 6AL

EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING:

Notes to the notice of annual general meeting:

Entitlement to attend and vote

1. The only members entitled to attend and vote at the meeting are those who are registered on the Company's register of members at:
   1.1 close of business on 27 January 2023; or
   1.2 if the meeting is adjourned, at close of business, on the day two days prior to the adjourned meeting.

6. Appointment of proxies

7.

2. As a member of the Company, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting. You can only appoint a proxy using the procedures set out in these notes.

3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy is set out below. If you wish your proxy to speak on your behalf at the meeting you must appoint your own choice of proxy (not the chairman) and give your instructions directly to the relevant person.

4. You may appoint more than one proxy provided that each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you must complete a separate electronic proxy form for each proxy and specify against the proxy's name the number of shares over which the proxy has rights. If you are in any doubt as to the procedure to be followed for the purpose of appointing more than one proxy you must contact the Company's registrars, Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL . If you fail to specify the number of shares to which each proxy relates, or specify a number of shares greater than that held by you on the record date, proxy appointments will be invalid.

5. If you do not indicate to your proxy how to vote on any resolution, your proxy will vote or abstain from voting at their discretion. Your proxy will vote (or abstain from voting) as they think fit in relation to any other matter which is put before the meeting. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against a resolution.

Appointment of a proxy on the share portal

6. We will not be providing a paper proxy. Those Members who are entitled to attend, speak and vote at the Annual General Meeting are now able to vote online as follows;

(a) log on or register your account at www.signalshares.com using your investor code which can be found on your share certificate and select the 'Vote Now' button; and
(b) submitted votes no later than 10.00 a.m. on 27 January 2023.

7. if you are unable to access the portal a paper proxy form can be requested from the company's registrars and must be delivered to Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL no later than 10.00 a.m. on 27 January 2023.

8. In the case of a member which is a company submitting a paper proxy, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

9. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

10. The Company, pursuant to regulation 41 of The Uncertificated Securities Regulations 2001 (SI 2001/3755), specifies that only those ordinary shareholders registered in the register of members of the Company by

close of business on 27 January 2023 or, if the meeting is adjourned, in the register of members at close of business on the day two days before the date of any adjourned meeting will be entitled to attend or vote at the meeting in respect of the number of Ordinary Shares registered in their name at that time. Changes to entries on the register of members after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.

Appointment of proxies through CREST

11. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

12. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & International Limited's (Euroclear) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID: RA10) by 10.00 a.m. on 27 January 2023. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

13. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as is necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

14. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (SI 2001/3755).

15. Unless otherwise indicated on the Form of Proxy, CREST voting or any other electronic voting channel instruction, the proxy will vote as they think fit or, at their discretion, withhold from voting.

Appointment of proxy by joint members

16. In the case of joint holders of shares, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder (being the first named holder in respect of the shares in the Company's register of members) will be accepted.

Changing proxy instructions

17. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut off time for receipt of proxy appointments specified in those paragraphs also applies in relation to amended instructions. Any amended proxy appointment received after the specified cut off time will be disregarded.

18. Where you have appointed a proxy using the hard copy proxy form and would like to change the instructions using another hard copy proxy form, please contact the Company's registrar as indicated in paragraph 8 above.

19. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

20. In order to revoke a proxy instruction, you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company's registrar as indicated in paragraph 5 above. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

21. The revocation notice must be received by the Company no later than 10.00 a.m. on 27 January 2023.

22. If you attempt to revoke your proxy appointment but the revocation is received after the time specified, then your proxy appointment will remain valid.

23. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

Corporate representatives

24. A corporation, which is a member, can appoint one or more corporate representatives, who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

Issued shares and total voting rights

25. As at 6.00 p.m. on 29 December 2022 (being the latest practicable date prior to the publication of this notice), the Company's issued share capital comprised 4,500,607,775 ordinary shares of 0.25p each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 6.00 p.m. on 29 December 2022 is 4,500,607,775.

Communication

26. You may not use any electronic address provided either in this notice of meeting or any related documents (including the document within which this notice of meeting is incorporated) to communicate with the Company for any purposes other than those expressly stated.

Explanatory notes concerning the resolutions set out in the notice of annual general meeting

The following explanatory information is provided by way of background to the business of the meeting.

An explanation of each of the proposed resolutions is set out below. Resolutions 1 to 4 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolution 5 is proposed as a special resolution. This means that for this resolution to be passed, at least three quarters of the votes cast must be in favour of it.

Section 656 Companies Act 2006

Where the net assets of a public company are less than half its called up share capital, the directors must call a general meeting to consider whether any, and if so what, steps should be taken to deal with the situation. No vote will be taken on the matter.

Resolution 1: receive accounts

The Company will put the accounts for the year ended 31 December 2021 and the reports of the Directors and the auditors to shareholders.

Resolution 2: re-election of director

An Ordinary resolution will be proposed to re-elect Olukayode Kuti who is retiring in accordance with the Company's articles of association.

Resolution 3: auditors' re-appointment and remuneration

Shareholders will be asked to confirm the re-appointment of PKF Littlejohn LLP as auditors of the Company and to grant authority to the Directors to determine their remuneration.

Resolution 4: authority to allot shares

The Board is seeking, by resolution 4, to grant a new authority over ordinary shares up to a maximum nominal amount of £7,500,000.

If approved by shareholders this authority will expire on 31 January 2024 or, if earlier, at the conclusion of the Company's next annual general meeting.

Resolution 5: dis-application of pre-emption rights

The Board is seeking, by resolution 5, to obtain a power to grant ordinary shares without offering them to existing shareholders in accordance with pre-emption rights, which would apply in circumstances where:

1. the allotment takes place in connection with a rights issue or other pre-emptive offer; or
2. the allotment is limited to a maximum nominal amount of £7,500,000.

If approved by shareholders this power will expire on 31 January 2024 or, if earlier, at the conclusion of the Company's next annual general meeting.