REGISTERED NUMBER: 06382557 (England and Wales)

Gcm Global Energy Plc

Group Strategic Report, Directors' Report and

Consolidated Financial Statements for the Year Ended 31 December 2021

Contents of the Consolidated Financial Statements for the Year Ended 31 December 2021

Gcm Global Energy Plc

Company Information
for the Year Ended 31 December 2021

DIRECTORS:	A Kuznetsov Ms R Dubrovskaya
SECRETARY:	Gcm Corporate Services Limited
REGISTERED OFFICE:	71-75 Shelton Street London WC2H 9JQ
REGISTERED NUMBER:	06382557 (England and Wales)

Gcm Global Energy Plc

Group Strategic Report
for the Year Ended 31 December 2021

The Directors present their Strategic Report for the year ended 31 December 2021. In this report GCM Global Energy plc and its subsidiaries are referred to as "the Group" or "GCM".

PRINCIPAL ACTIVITIES
The Group's principal activities are focussed on the development of a potash production plant in Belarus and oil extraction in Azerbaijan.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS
The construction of a Potash Mining and Processing Plant carried out by Slavkali FLLC in Belarus continued as planned. In February 2020, a large sub-contract was signed for the construction of the processing complex and a thermal power plant, including contracts for the supply of the main process equipment, which determined the further progress of the mine construction. Sinking of both shafts was completed to the projected marks (the skip shaft to the 725-meter mark, the cage shaft to the 697-meter mark), as well as grouting works and work on the loading chambers of the skip shaft. Details of the capital expenditure incurred during the year are disclosed in note 10.

In December 2018 the Group acquired 50% stake in Global Energy Azerbaijan Limited, an oil producing group located in Azerbaijan. Through 2020 the oil production remained steady at approximately 9,374 bbl per day (bpd).

The Potash Mine construction in Belarus and Oil Production in Azerbaijan have continued in 2021 and are expected to continue in 2022.

POST BALANCE SHEET EVENTS

Subsequent to the year end, the European Union and the United Kingdom introduced sanctions targeting certain individuals and entities connected to Belarus ("the Sanctions"), which will cause a direct impact on those persons targeted and an indirect impact on the Belarusian economy and certain entities operating in Belorussia. Whilst the Company has received legal advice that neither the Company nor Group are directly affected by the sanctions, the indirect impact on the Group and its lenders is unclear.

PRINCIPAL RISKS AND UNCERTAINTIES

RISK MANAGEMENT

The Board considers effective risk management as fundamental to the Group's success. It is an integral part of GCM business activities, functions and processes. GCM approach to risk management is to identify key risks as early as possible and to either minimise or remove them. The Board is responsible for maintaining a sound risk management and internal control system.

The group's principal risks and uncertainties are currently those detailed below.

Macroeconomic environment	The introduction of quarantine restrictions due to the spread of the coronavirus has had an unprecedented impact on economic activity. According to IMF estimates, the global economy grew by 6.0% in 2021, after falling by 3.3% a year earlier. The growth in GDP in developed countries is estimated at 6.7% (against a fall of 2.2% in 2020), in developing countries.Note that the preparedness of Asian countries for the pandemic turned out to be better than in the West. The IMF estimates that China's economy grew 8.4% in 2021. The effect of the crisis on Russia is estimated at 5.6% in 2021, on par with other European countries. For comparison, the GDP of Italy grew by 5.1% biennium, Spain - 5.3% biennium, France - 2.9% biennium. Uncertainty about the development of the epidemiological situation and the effectiveness of vaccination is likely to affect the speed of the global economic recovery in 2021.
Commodity price risk	After a particularly disruptive 2020, the global oil market circumstances dramatically improved in 2021, despite the introduction of multiple new COVID-19 variations with varying severity and effects on the world economy and oil demand. In addition to a strong rebound in global GDP growth of 5.6% amid major economic stimulus packages and the global deployment of vaccines, which strengthened market mood and raised global oil demand outlooks, global oil supply/demand fundamentals significantly improved in 2021. The Declaration of Cooperation (DoC) participants, including OPEC members and non-OPEC nations, continued to play a significant role in lowering market volatility and uncertainty. Oil prices continued to increase throughout the year, averaging significantly higher year-on-year (y-o-y) in 2021. In November 2022, OPEC lowered its projection for the world's oil consumption for 2022, citing a number of growing economic issues, such as high inflation and rising interest rates. According to a monthly report from the Organisation of the Petroleum Exporting Countries (OPEC), oil consumption will rise by 2.55 million barrels per day (bpd), or 2.6%, in 2022, down 100,000 bpd from the previous prediction.An estimated 40 million tonnes of potash were produced globally in 2022, a YOY fall of 13.6% for the potash industry. The potash market has suffered since the start of the conflict between Russia and Ukraine in February 2022. The US and EU put economic sanctions on Russia and Belarus, which caused large drops in both nations' potash production. The yearly production of Belarus, the third-largest producer, fell from 7.6 million tonnes to 3 million tonnes during the same time period, while Russia, the world's second-largest producer of potash, saw its production fall from 9.1 million tonnes in 2021 to 5 million tonnes in 2022. Brazil continues to be Russia's largest potash export client despite these difficulties, despite its intentions to cut its dependency on foreign fertiliser from 85% to 45% by 2050. The lower year-to-date prices, including the most recent contract between Canadian exporter Canpotex and China, which was reached at a price significantly below the spot market, are reflected in the lower 2023 potash price assumption. The unaltered medium-term and mid-cycle forecasts continue to take into account the pricing pressure from increased Canadian capacity as well as the ongoing flows of product at a discount from Belarus and Russia.
Interest rate and liquidity risk	The key ECB interest rates have steadily increased since 2019, the current rates are at 4.25%, 4.50% and 3.75% for fixed rate tenders, marginal lending facility and deposit facility respectively. The European Central Bank hiked its main interest rates in July 2022 for the first time in 11 years. At the policy meetings that followed, it increased them once again in a sequence of significant moves. The speed at which this adjustment was made was a significant indicator to the public of the ECB's commitment to bringing inflation down in order to assist stabilise inflation expectations even as inflation accelerated. The overall rates were increased by 250 basis points over the second half of 2022 exceeding the ECB's 2% medium target.

Foreign Exchange risk	GCM has ongoing operations in a number of geographic regions. Thus it is sensitive to fluctuations in major currencies, mainly US dollar, Pound Sterling and Euro. The Group is managing these risks by maintaining currency reserves as necessary.
Political Risk	Business operations in emerging markets carry certain elements of risk relating to sudden changes in regulatory and legal environments that could significantly impact GCM's business. As a mitigating factor, GCM continues to nurture, develop and grow its relationships with senior government officials and business leaders in the regions where it conducts its operations.Subsequent to the year end, the European Union and the United Kingdom have introduced sanctions targeting certain individuals and entities connected to Belarus, which will cause a direct impact on those persons targeted and an indirect impact on the Belarusian economy and certain entities operating in Belorussia. Whilst the Company has received legal advice that neither the Company nor Group are directly affected by the sanctions, the indirect impact on the Group and its lenders is unclear.
Environmental risk	The Group understands its responsibility to maintain and manage its obligations to minimise environmental impact. GCM is committed to working with local governments and other agencies to ensure safe procedures and operations in order to remain in good standing in all communities in which the Group operates.
COVID-19	GCM actively monitors advice from the World Health Organisation and Public Health England to ensure best practice precautions are being applied. Clear information and health precautions on how employees should protect themselves and reduce exposure to, and transmission of COVID-19 along with general advice has been communicated across the organisation.

SECTION 172(1) STATEMENT

The Board of directors of GCM Global Energy plc consider, both individually and together, that they have acted in the way that would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172 (1) (a-f) of the Companies Act 2006) in the decisions taken throughout the year ended 31 December 2021.

The Group's purpose is to create shared prosperity through the exploration and development of oil and gas in Azerbaijan and new potash mining development in Belarus. GCM is focused on creating sustainable long-term value for each of our stakeholders including shareholders, investors, employees and local communities. To achieve this, the Board has engaged with its key stakeholders and has considered and monitored the Group's principal risks, which are set out above. The safety of the Group's workforce and the communities in which it operates is a key component of its culture and is critical to the Group's success.

ON BEHALF OF THE BOARD:

....

Ms I Medvedeva - Director

Date: 30 September 2022

Directors' Report
for the Year Ended 31 December 2021

The Directors present their report and the financial statements of the Company and the Group for the year ended 31 December 2021.

In accordance with section 414C(11) of the Companies Act 2006, the Strategic Report contains certain information that is otherwise required to be included in the Directors' Report including post balance sheet events, business relationship disclosures, future developments and a review of financial risk management of the Group.

DIVIDENDS
No dividends will be distributed for the year ended 31 December 2021.

EVENTS SINCE THE END OF THE YEAR
Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS
The directors who have held office during the period from 1 January 2021 to the date of this report are as follows:

A Zhuchenko - resigned 1 December 2021
A Kuznetsov - appointed 12 August 2021
M Kalyuzhny - resigned 13 August 2021
Ms R Dubrovskaya - resigned 1 February 2021
Ms R Dubrovskaya - appointed 2 December 2021

I Medvedeva (Appointed on 1 February 2022)
Z Akiev (Appointed on 29 June 2022)

POLITICAL DONATIONS AND EXPENDITURE
Donation made during the year $548,000

GOING CONCERN
The Directors have considered the appropriateness of the going concern basis in the preparation of these financial statements, including the impact of both COVID-19 and the Sanctions referred to in the Strategic Report, dynamics in global energy / potash prices and the ability of the shareholders to ensure that connected parties will continue to provide or procure additional financial support to the Company and the Group.

The Directors' considerations are set out in more detail in note 2 to the financial statements, which conclude that the directors are confident that the shareholders will ensure that connected parties will continue to provide or procure additional financial support to the Group for the period to at least 31 December 2022 and have therefore continued to prepare these financial statements on the going concern basis.

CORPORATE SOCIAL RESPONSIBILITY
The Group is committed to Corporate Social Responsibility and has implemented a number of policies across the following areas:
- Equal opportunities across the Group;
- Health and Safety; and
- Environmental impact and recovery

CARBON REPORTING DISCLOSURES
There are no disclosure requirements concerning greenhouse gas emissions, energy consumption or energy efficiency action as the Group is exempt as it consumed less than 40,000 kWh of energy in the United Kingdom during the year ended 31 December 2021.

RISKS ASSOCIATED WITH THE GROUP
These are described in the Strategic Report and as part of the Financial Risk Factors disclosure.

DIRECTORS' QUALIFYING THIRD PARTY INDEMNITY PROVISIONS
The Company has agreed that it shall to the maximum extent permitted by law, but subject to any limitation imposed by law and in particular sections 232 and 234 of the Companies Act 2006, indemnify the directors against all liabilities, costs and expenses (including any legal and other reasonable professional costs and expenses) incurred by them directly arising from or in connection with the execution and discharge of their duties as directors of the Company.

ON BEHALF OF THE BOARD:

....
Ms I Medvedeva - Director

Date: 30 September 2022

Statement of Directors' Responsibilities for the Year Ended 31 December 2021

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the 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 financial statements in accordance with UK-adopted international accounting standards. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the 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 accounting estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Gcm Global Energy Plc

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 31 December 2021

	Notes	31.12.21 $'000	31.12.20 $'000
CONTINUING OPERATIONS			
Revenue		5,120	2,526
Administrative expenses		(6,713)	(15,572)
Other operating expenses		(1,935)	(1,061)
Share of profit/(loss) of joint ventures		87,801	(45,958)
OPERATING PROFIT/(LOSS)		84,273	(60,065)
Finance costs	5	(105,741)	(6,130)
LOSS BEFORE INCOME TAX	6	(21,468)	(66,195)
Income tax	7	(115)	(199)
LOSS FOR THE YEAR		(21,583)	(66,394)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(21,583)	(66,394)
Loss attributable to:			
Owners of the parent		(21,583)	(66,394)
Total comprehensive income attributable to:			
Owners of the parent		(19,998)	(66,394)
Non-controlling interests		(1,585)	-
		(21,583)	(66,394)

The notes form part of these financial statements

Gcm Global Energy Plc (Registered number: 06382557)

Consolidated Statement of Financial Position
31 December 2021

	Notes	31.12.21 $'000	31.12.20 $'000
ASSETS			
NON-CURRENT ASSETS			
Owned			
Intangible assets	9	3,223	3,307
Property, plant and equipment	10	1,257,579	1,071,800
Investment property	11	-	-
Right-of-use			
Investment in associates	12	-	-
Investments	12	132,277	44,545
Loans and other financial assets	13	-	-
Trade and other receivables	15	20,171	-
Tax receivable		11,558	12,728
		1,424,808	1,132,380
CURRENT ASSETS			
Inventories	14	976	47
Trade and other receivables	15	2,475	8,346
Cash and cash equivalents	16	29,027	38,796
		32,478	47,189
TOTAL ASSETS		1,457,286	1,179,569
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	17	29,312	29,312
Preference shares	18	3,000	3,000
Translation reserve	18	509	509
Retained earnings	18	(53,796)	(35,477)
		(20,975)	(2,656)
Non-controlling interests		(4,573)	(2,988)
TOTAL EQUITY		(25,548)	(5,644)
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities - borrowings			
Interest bearing loans and borrowings	20	1,355,090	1,099,096
CURRENT LIABILITIES			
Trade and other payables	19	127,549	82,117
Financial liabilities - borrowings			
Interest bearing loans and borrowings	20	2	3,801
Tax payable		193	199
		127,744	86,117
TOTAL LIABILITIES		1,482,834	1,185,213
TOTAL EQUITY AND LIABILITIES		1,457,286	1,179,569

The company and the group are entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2021.

The notes form part of these financial statements

 continued...

Consolidated Statement of Financial Position - continued
31 December 2021

The members have not required the company and the group to obtain an audit of its financial statements for the year ended 31 December 2021 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:
(a) ensuring that the group keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
(b) preparing financial statements which give a true and fair view of the state of affairs of the company and the group as at the end of each financial year and of the group's profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company and the group.

The financial statements were approved by the Board of Directors and authorised for issue on 30/09/2022.................. and were signed on its behalf by:

....
Ms I Medvedeva - Director

Gcm Global Energy Plc (Registered number: 06382557)

Company Statement of Financial Position
31 December 2021

	Notes	31.12.21 $'000	31.12.20 $'000
ASSETS			
NON-CURRENT ASSETS			
Owned			
Intangible assets	9	-	-
Property, plant and equipment	10	607	637
Investment property	11	-	-
Right-of-use			
Investment in associates	12	-	-
Investments	12	132,876	45,144
Loans and other financial assets	13	76,508	75,938
		209,991	121,719
CURRENT ASSETS			
Trade and other receivables	15	764	455
Cash and cash equivalents	16	609	950
		1,373	1,405
TOTAL ASSETS		211,364	123,124
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	17	29,312	29,312
Preference shares	18	3,000	3,000
Retained earnings	18	53,415	(26,963)
TOTAL EQUITY		85,727	5,349
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities - borrowings			
Interest bearing loans and borrowings	20	89,832	89,832
CURRENT LIABILITIES			
Trade and other payables	19	35,769	27,907
Financial liabilities - borrowings			
Interest bearing loans and borrowings	20	36	36
		35,805	27,943
TOTAL LIABILITIES		125,637	117,775
TOTAL EQUITY AND LIABILITIES		211,364	123,124

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2021.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2021 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

(a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and

(b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The notes form part of these financial statements

continued...

Company Statement of Financial Position - continued
31 December 2021

The financial statements were approved by the Board of Directors and authorised for issue on ...30 September 2022 and were signed on its behalf by:

....
Director

The notes form part of these financial statements

Gcm Global Energy Plc

Consolidated Statement of Changes in Equity
for the Year Ended 31 December 2021

	Called up share capital $'000	Retained earnings $'000	Preference shares $'000
Balance at 1 January 2020	29,312	30,917	3,000
Changes in equity			
Total comprehensive income	-	(66,394)	-
Balance at 31 December 2020	29,312	(35,477)	3,000
Changes in equity			
Increase in share capital	-	3,265	-
Total comprehensive income	-	(21,583)	-
Balance at 31 December 2021	29,312	(53,795)	3,000

	Translation reserve $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2020	509	63,738	(2,988)	60,750
Changes in equity				
Total comprehensive income	-	(66,394)	-	(66,394)
Balance at 31 December 2020	509	(2,656)	(2,988)	(5,644)
Changes in equity				
Increase in share capital	-	3,265	-	3,265
Total comprehensive income	-	(21,583)	(1,585)	(23,168)
Balance at 31 December 2021	509	(20,974)	(4,573)	(25,547)

The notes form part of these financial statements

Gcm Global Energy Plc

Company Statement of Changes in Equity
for the Year Ended 31 December 2021

	Called up share capital $'000	Retained earnings $'000	Preference shares $'000	Total equity $'000
Balance at 1 January 2020	29,312	28,539	3,000	60,851
Changes in equity				
Total comprehensive income	-	(55,502)	-	(55,502)
Balance at 31 December 2020	29,312	(26,963)	3,000	5,349
Changes in equity				
Total comprehensive income	-	80,378	-	80,378
Balance at 31 December 2021	29,312	53,415	3,000	85,727

The notes form part of these financial statements

Gcm Global Energy Plc

Consolidated Statement of Cash Flows
for the Year Ended 31 December 2021

	Notes	31.12.21 $'000	31.12.20 $'000
Cash flows from operating activities			
Cash generated from operations	1	28,864	57,674
Interest paid		(105,741)	(6,130)
Tax paid		1,049	(12,728)
Net cash from operating activities		(75,828)	38,816
Cash flows from investing activities			
Purchase of intangible fixed assets		(17)	(10)
Purchase of tangible fixed assets		(1,862)	(10)
Purchase of fixed asset investments		2	-
Sale of tangible fixed assets		555	-
Net cash from investing activities		(1,322)	(20)
Cash flows from financing activities			
New loans in year		67,381	-
Net cash from financing activities		67,381	-
(Decrease)/increase in cash and cash equivalents		(9,769)	38,796
Cash and cash equivalents at beginning of year	2	38,796	-
Cash and cash equivalents at end of year	2	29,027	38,796

The notes form part of these financial statements

Notes to the Consolidated Statement of Cash Flows
for the Year Ended 31 December 2021

1. **RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS**

	31.12.21	31.12.20
	$'000	$'000
Loss before income tax	(109,269)	(20,237)
Depreciation charges	2,189	(1,943)
Finance costs	105,741	6,130
	(1,339)	(16,050)
Share of profit/(loss) of joint ventures	(87,801)	45,958
Increase in inventories	(929)	(47)
Increase in trade and other receivables	(14,300)	(8,346)
Increase in trade and other payables	45,432	82,117
Cash generated from operations	(58,937)	103,632

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2021

	31.12.21	1.1.21
	$'000	$'000
Cash and cash equivalents	29,027	38,796

Year ended 31 December 2020

	31.12.20	1.1.20
	$'000	$'000
Cash and cash equivalents	38,796	-

1. **STATUTORY INFORMATION**

GCM Global Energy Plc ("the Company") and its subsidiaries ("the Group") currently undertake the development of a potash production. In December 2018 the Group acquired a 50% stake in Global Energy Azerbaijan Limited, on oil producing group located in Azerbaijan. The Group's activities are carried out internationally with the current focus being on Belarus and Azerbaijan.

The company is a privately owned public company limited by shares, incorporated and registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. **STATUTORY INFORMATION**

Gcm Global Energy Plc is a private company, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

3. **ACCOUNTING POLICIES**

Basis of preparation
These financial statements have been prepared in accordance with UK-adopted international accounting standards and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

GOING CONCERN

The Directors confirm that, subject to the matters described below, they are satisfied that the Company and the Group will continue as a going concern for the foreseeable future. This has been determined from a consideration of the current financial position of the Company and the Group and of their cash flow requirements for the period to 31 December 2022.

The Group is primarily financed through bank and related party borrowings and there are a number of key measures in place that will allow the directors to manage the business and provide adequate liquidity. These are as follows:
- The ability to negotiate bank facilities with the existing third party providers of finance;
- The ability to borrow from other providers of funds, including private financial institutions or related parties; and
- Significant control and flexibility over the group's development plans and their timing that will allow it, if necessary, to conserve capital by delaying or eliminating capital expenditure.

The Directors have considered the appropriateness of the going concern basis in the preparation of these financial statements, including the impact of Belarusian Sanctions, which are explained in note 30 to the financial statements, COVID-19, the investment agreement commitments, which are disclosed in note 24 to the financial statements, and the ability of the shareholders to ensure that connected parties will continue to provide or procure additional financial support to the Company and the Group.

The Directors are confident that the shareholders will ensure that connected parties will continue to provide or procure additional financial support to the Group for the period to at least 31 December 2022 and have therefore continued to prepare these financial statements on a going concern basis

continued...

3. **ACCOUNTING POLICIES - continued**

Basis of consolidation
Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies to obtain economic benefit for the Group. Subsidiaries are fully consolidated from the effective date of acquisition up to the effective date of disposal.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Acquisition related costs are recognised in profit or loss as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date.

The excess of cost of acquisition over the fair values of the Group's share of identifiable net assets acquired is recognised as goodwill. When the fair value of identifiable net assets acquired exceeds the cost of the business combination, the excess (negative goodwill) is recognised directly in the Statement of Comprehensive Income. However, where subsidiaries or interests in joint ventures are acquired from companies under common control, negative goodwill arising on such acquisitions (net of any goodwill on other such transactions) is credited directly to equity as contributed capital.
Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those of the Group.
All intra-Group transactions, balances, and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Associates

Where the Group and Company has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognised in the consolidated statement of financial position at cost. Subsequently associates are accounted for using the equity method, where the Group's and Company's share of post-acquisition profits and losses and other comprehensive income are recognised.

Profits and losses arising on transactions between the Group and Company and its associates are recognised only to the extent of unrelated investors' interest in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

continued...

3. **ACCOUNTING POLICIES - continued**

Critical accounting judgements and key sources of estimation uncertainty
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.

A key accounting judgement made in the preparation of the Company's accounts relates to the classification of the long-term loans advanced to subsidiaries as a capital contribution which represents the substance rather than the legal form of the transaction. As a result, these balances are subject to impairment reviews in accordance with IAS 36 rather than credit loss provisions in accordance with IFRS 9.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions 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 financial year are discussed below.

Impairment of non-current assets

The Directors consider the facts and circumstances surrounding the exploration and evaluation expenditure, property, plant and equipment and intangible assets to determine whether there is any indication of impairment.

In assessing the recoverable amount of a cash-generating unit, an estimate of the units' value in use must be made. Value in use is based on the cash flows expected to be generated by the projected potash production up to the earlier of the expected dates of cessation of production or the expected licence termination date using appropriate economic models and key assumptions agreed by management. These cash flows are then discounted to their present value using an appropriate discount rate.

At 31 December 2021, the potash production assets remain under the course of construction with production not planned until 2023. For this reason, the Directors' have assessed that there is no indication of impairment against exploration and evaluation expenditure, property, plant and equipment and intangible assets relating to the on-going development of the potash production facilities in Belarus.

Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of discount, custom duties and sale taxes.

Revenue derived from the provision of services is recognised in the period during which such services were provided. Where a contract is not fully completed at the year end, revenue is recognised according to the percentage of the project completed during the year.

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

Cash and cash equivalents
Cash represents cash in hand and deposits held on demand with financial institutions. Cash equivalents are short-term, highly-liquid investments with original maturities of three months or less (as at their date of acquisition). Cash equivalents are readily convertible to known amounts of cash and subject to an insignificant risk of change in that cash value.

In the presentation of the Statement of Cash Flows, cash and cash equivalents also include bank overdrafts. Any such overdrafts are shown within borrowings under 'current liabilities' on the Statement of Financial Position.

continued...

3. **ACCOUNTING POLICIES - continued**

Property, plant and equipment
Property, plant and equipment that are consumed in developing an intangible exploration and evaluation asset are subject to depreciation over their useful economic lives. The depreciation amount reflecting that consumption will be capitalised as part of the cost of developing the intangible exploration and evaluation asset. Property, plant and equipment is recorded at cost which includes expenditure that is directly attributable to the acquisition of the items and depreciated over its useful economic life.

DEPRECIATION

Land is not depreciated. Buildings and operating base facilities are depreciated on a straight-line basis over their estimated useful lives ranging from five to fifty-five years. Property, plant and equipment is depreciated on a straight-line basis over the estimated useful lives of four to twenty years. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

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

MAJOR MAINTENANCE AND REPAIRS

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset or part of an asset that was separately depreciated and is now written off is replaced and it is probable that future economic benefits associated with the item will flow to the Group, the expenditure is capitalised. Where part of the asset was not separately considered as a component, the replacement value is used to estimate the carrying amount of the replaced assets which is immediately written off. All other maintenance costs are expensed as incurred.

OTHER INTANGIBLE ASSETS

Other intangible assets include software and licences other than exploratory and development licences. Other intangibles are measured initially at purchase cost and amortised on a straight-line basis over their estimated useful lives, being between 5-7 years.

IMPAIRMENT OF INTANGIBLE ASSETS AND PROPERTY PLANT AND EQUIPMENT

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

PROVISIONS

Provisions are recognised when the Group has a present obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reliably estimated. Where the effect of the time value of money is material, the provision is based on the present value of future outflows, discounted at the pre-tax discount rate that reflects the risks specific to the liability.

continued...

3. **ACCOUNTING POLICIES - continued**

Financial instruments
Financial assets and financial liabilities are recognised on the group's statement of financial position when the group has become party to the contractual provisions of the instrument. Subsequent measurement of all recognised financial assets within the scope of IFRS 9 are required to be measured at amortised cost or fair value on the basis of the group's business model for managing financial assets and their contractual cash flows. Where assets are measured at fair value, gains and losses are recognised through profit or loss (fair value through profit or loss, "FVTPL").

Financial assets

Trade and other receivables

Trade receivables are classified as financial assets at amortised cost and are initially recognised at fair value. They are subsequently measured at their amortised cost using the effective interest method less any provision for impairment. IFRS 9 established a new model for recognition and measurement of impairments on financial assets measured at amortised cost using the "Expected Credit Losses" model. The assessment for the expected credit losses has been carried out using the Simplified Model and the impact on amounts previously recognised as an impairment provision against trade receivables is immaterial.

The Company's long-term loans and receivables are monies advanced to the Group's Belarusian subsidiary as the capital contribution required in accordance with the terms of the long-term bank debt within that subsidiary. These advances are subordinated to the bank debt and are considered to be equivalent to equity investments and are therefore outside the scope of IFRS 9. No impairment has been recognised against amounts due from subsidiaries.

The measurement of impairment losses depends on the Company's assessment of increases in the credit risk of the financial asset since its initial recognition and any events that have occurred before the year end which have a detrimental impact on cash flows. In assessing whether credit risk has increased significantly, the Company compares the risk of default at the year-end with the risk of default when the investment was originally recognised using reasonable and supportable past and forward-looking information that is available. No impairment has been recognised against amounts due from subsidiaries.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and other short-term deposits held by the Group with maturities of less than three months. Bank overdrafts are presented within current liabilities.

Investments

Investments held by the parent company in subsidiaries are recorded at cost at the reporting date. They are tested for impairment when there is objective evidence of impairment. Any impairment losses are recognised in profit or loss in the period they occur.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Bank and other borrowings

Interest-bearing bank and other loans and bank overdrafts are recorded initially at their fair value, net of direct transaction costs. Such instruments are subsequently carried at their amortised cost and finance charges, including premiums payable on settlement or redemption, are recognised in profit or loss over the term of the instrument at the effective rate of interest.

Trade payables

continued...

3. **ACCOUNTING POLICIES - continued**

Trade payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Inventories

Inventories, consisting primarily of spare parts, are stated at the lower of cost or net realisable value. Cost is determined on a weighted average basis and includes expenditures incurred in acquiring inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense.

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

continued...

3. **ACCOUNTING POLICIES - continued**

Foreign currencies translation
The functional and presentational currency is the US$ as this is the currency which mainly influences the sales price of the goods and services being delivered and the costs incurred in delivering them. The exchange rate between Sterling and the US$ at 31 December 2021 was **1.3649** (2020:1.3649), the exchange rate between Belarusian Rouble and the US$ as at 31 December 2021 was **2.5789** (2020: 2.5789).

Transactions are recorded in the functional currency of each reporting entity. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in the profit or loss for the period, except for exchange differences on non-monetary assets and liabilities, where the changes in fair value are recognised in other comprehensive income. Other non-monetary assets and liabilities are kept at the rate of exchange prevailing on the date the transaction was recorded.

On consolidation, the assets and liabilities reported in functional currencies other than the US$ are retranslated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period. Exchange differences are recognised as other comprehensive income and in the Group's translation reserve.

Such translation differences are recognised as income or expenses in the period in which the operation is disposed.

EXPLORATION AND EVALUATION EXPENDITURE

The Group adopts the successful efforts method of accounting for exploration and evaluation expenditure.

(a) PRE-LICENCE EXPENDITURE

Any expenditure incurred relating to exploration and evaluation or similar activities prior to obtaining a development licence (or similar rights) are expensed as incurred.

(b) LICENCE COSTS

The cost of acquiring an exploration/development licence (or similar rights) are capitalised and classified as an intangible asset. Incidental costs relating to the acquisition of the licence are capitalised as part of the cost of acquisition.

(c) OTHER EXPENDITURE

Geological and geophysical costs and similar costs are capitalised as intangible assets. All capitalised costs are subject to a commercial, technological and management review each year to confirm the continued intention to develop and extract value from the discovery. When this is no longer the case, the capitalised costs are written off to profit or loss.

Intangible exploration and evaluation assets are not subject to amortisation.

continued...

3. **ACCOUNTING POLICIES - continued**

Leases
Leases - the group as a lessee

On commencement of a contract which gives the Group the right to use an asset for a period of time in exchange for consideration, the Group recognises a right-of-use asset and a lease liability unless the lease qualifies as a 'short-term' or 'low-value' lease.

Initial and subsequent measurement of a right-of-use asset

A right-of-use asset is recognised at commencement of the lease and initially measured at the amount of the lease liability, plus any incremental costs of obtaining the lease and any lease payments made at or before the leased asset is available for use by the Group. The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses. The depreciation methods applied are as follows:

- Land and buildings: on a straight-line basis over the remaining lease term.

The right-of-use asset is adjusted for any re-measurement of the lease liability and lease modifications.

Short term or low value leases
Where the lease term is twelve months or less and the lease does not contain an option to purchase the leased asset, lease payments are recognised as an expense on a straight-line basis over the lease term.
Leases where the underlying asset is 'low-value', lease payments are recognised as an expense on a straight-line basis over the lease term.

Initial measurement of the lease liability

The lease liability is initially measured at the present value of the lease payments during the lease term discounted using the interest rate implicit in the lease, or the incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined.
The lease term is the non-cancellable period of the lease plus extension periods that the Group is reasonably certain to exercise and termination periods that the Group is reasonably certain not to exercise.
The incremental borrowing rate is the rate of interest the Group would have to pay to borrow over a similar term, and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset.

Subsequent measurement of the lease liability

The lease liability is subsequently increased for a constant periodic rate of interest on the remaining balance of the liability and reduced for lease payments. Interest on the lease liability is recognised in profit or loss.

Leases - the group as a lessor

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term.

Employee benefit costs
Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan.

Government grants
Grants received from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the group will comply with all the attached conditions. Government grants in respect of the Coronavirus Job Retention Scheme ("CJRS") are recognised in the period to which the underlying staff costs relate to. The Group has elected to deduct the amount received in respect of CJRS against the related staff cost expense.

continued...

3. **ACCOUNTING POLICIES - continued**

Financial risk factors
The Group's normal operating, investing and financing activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and commodity price risk), credit risk and liquidity risk. The Group has in place risk management policies that seek to limit the adverse effects of commodity price risk and interest rate risk.
LIQUIDITY RISK

In order to manage liquidity risk it is the Group's policy to maintain committed facilities to ensure sufficient available surplus cash resources. The Group closely monitors its access to bank and other credit facilities in comparison to its outstanding commitments on a regular basis through the use of cash flow forecasts to ensure that it has sufficient funds to meet the obligations of the Group as they fall due.

The table below analyses the Group's financial liabilities into maturity groupings based on amounts outstanding at the balance sheet date up to the contractual maturity date.

FOREIGN CURRENCY RISK

The Group operates in several markets across the world and is exposed to foreign exchange risk arising from currency exposures; in particular with respect the Belarusian Rouble ('BYN') and the Azerbaijani Manat ('AZN'). The Functional Currency of all group companies as at 31 December 2020 was US dollars.

COMMODITY PRICE RISK

Commodity price risk is the risk that market prices for commodities will move adversely thereby potentially reducing expected margins.

The group's commodity risk relates to the associate's oil operations in Azerbaijan and the future potash operations of the group. The potash operations have not yet started production.

CREDIT RISK

Credit risk predominantly arises from loans and other receivables, trade receivables and cash and cash equivalents.

The Group's maximum exposure to credit risk, gross of any collateral held, relating to its financial assets is equivalent to their carrying value as disclosed below. All financial assets have a fair value which is not materially different from their carrying value.

The Group or the Company does not have any trade and other receivables that are past due at the reporting date but have not been provided for impairment.

The provision for credit losses of balances receivable is based on a review of balances determined to be impaired at the reporting date.

INTEREST RATE RISK

The Group's interest rate exposure arises mainly from its interest bearing borrowings. As at 31 December 2020 the Group had both fixed rate and floating rate borrowings payable to eliminate exposure to interest rate cash flow risk. Further details can be found in note 20.

The Group regularly reviews its funding arrangements to ensure they are competitive with the marketplace.

The tables below shows the Group's non-derivative financial assets and liabilities split by those bearing fixed and floating rates and those that are non-interest bearing.

continued...

3. **ACCOUNTING POLICIES - continued**

No interest was charged on trade and other payables during 2020 or 2019.

The Company's trade and other payables as at 31 December 2020 were non-interest bearing $27,722k (2019: $20,454k) and included $27,200k of prepayments received from the associate (2019: $20,000k). The Company's borrowings as at 31 December 2020 included $77,181k (2019: $82,293k) that were interest bearing at a fixed rate and $12,681k (2019: $6,716k) that were non-interest bearing.

CAPITAL MANAGEMENT

The Group's main objective when managing capital is to protect returns to shareholders by ensuring the Group will continue to trade in the foreseeable future. The Group also aims to maximise its capital structure of debt and equity so as to minimise its cost of capital. The Group manages its capital with regard to the risks inherent in the business and the sector within which it operates by monitoring its gearing ratio on a regular basis. The Group considers its capital to include share capital, contributed capital, translation reserve, retained earnings and net debt as noted below. Net debt includes short and long-term borrowings net of cash and cash equivalents.

4. **EMPLOYEES AND DIRECTORS**

	31.12.21	31.12.20
	$'000	$'000
Wages and salaries	1,809	2,182
Social security costs	394	460
Other pension costs	154	201
	2,357	2,843

The average number of employees during the year was as follows:

	31.12.21	31.12.20
Technical and operations	310	239
Management and administration	18	18
	328	257

	31.12.21	31.12.20
	$	$
Directors' remuneration	-	-

5. **NET FINANCE COSTS**

	31.12.21	31.12.20
	$'000	$'000
Finance costs:		
Loan	105,741	6,130

continued...

6. LOSS BEFORE INCOME TAX

The loss before income tax is stated after charging:

	31.12.21 $'000	31.12.20 $'000
Leases	1,193	7
Depreciation - owned assets	3,408	3,484
Computer software amortisation	101	93
Auditors' remuneration	5	5
Auditors' remuneration for non audit work	-	200
The auditing of accounts of any associate of the company	205	-
Foreign exchange differences	434	5,666

7. INCOME TAX

Analysis of tax expense

	31.12.21 $'000	31.12.20 $'000
Current tax:		
Tax	115	199
Total tax expense in consolidated statement of profit or loss and other comprehensive income	115	199

8. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was $80,378,075 (2020 - $(55,502,474) loss).

9. INTANGIBLE ASSETS

Group

	Exploration and evaluation assets $'000	Computer software $'000	Totals $'000
COST			
At 1 January 2021	2,758	985	3,743
Additions	-	17	17
At 31 December 2021	2,758	1,002	3,760
AMORTISATION			
At 1 January 2021	-	436	436
Amortisation for year	-	101	101
At 31 December 2021	-	537	537
NET BOOK VALUE			
At 31 December 2021	2,758	465	3,223

continued...

9. INTANGIBLE ASSETS - continued

Group

	Exploration and evaluation assets $'000	Computer software $'000	Totals $'000
COST			
At 1 January 2020	2,758	975	3,733
Additions	-	10	10
At 31 December 2020	2,758	985	3,743
AMORTISATION			
At 1 January 2020	-	343	343
Amortisation for year	-	93	93
At 31 December 2020	-	436	436
NET BOOK VALUE			
At 31 December 2020	2,758	549	3,307

10. PROPERTY, PLANT AND EQUIPMENT

Group

	Freehold property $'000	Short leasehold $'000	Improvements to property $'000	Plant and machinery $'000
COST				
At 1 January 2021	28,422	2,322	1,010,881	35,224
Additions	26,707	-	189,169	1,843
Disposals	-	-	-	(555)
Reclassification/transfer	554	-	(28,550)	-
At 31 December 2021	55,683	2,322	1,171,500	36,512
DEPRECIATION				
At 1 January 2021	1,259	2,133	-	2,104
Charge for year	1,425	1	-	1,935
Reclassification/transfer	(8)	-	-	8
At 31 December 2021	2,676	2,134	-	4,047
NET BOOK VALUE				
At 31 December 2021	53,007	188	1,171,500	32,465

continued...

10. PROPERTY, PLANT AND EQUIPMENT - continued

Group

	Fixtures and fittings $'000	Motor vehicles $'000	Computer equipment $'000	Totals $'000
COST				
At 1 January 2021	14	1,277	598	1,078,738
Additions	-	-	19	217,738
Disposals	-	-	-	(555)
Reclassification/transfer	-	-	-	(27,996)
At 31 December 2021	14	1,277	617	1,267,925
DEPRECIATION				
At 1 January 2021	14	855	573	6,938
Charge for year	-	28	19	3,408
Reclassification/transfer	-	-	-	-
At 31 December 2021	14	883	592	10,346
NET BOOK VALUE				
At 31 December 2021	-	394	25	1,257,579

	Freehold property $'000	Short leasehold $'000	Improvements to property $'000	Plant and machinery $'000
COST				
At 1 January 2020	403	2,322	565,360	17,509
Additions	28,019	-	445,521	17,715
At 31 December 2020	28,422	2,322	1,010,881	35,224
DEPRECIATION				
At 1 January 2020	243	1,067	-	873
Charge for year	1,016	1,066	-	1,231
At 31 December 2020	1,259	2,133	-	2,104
NET BOOK VALUE				
At 31 December 2020	27,163	189	1,010,881	33,120

continued...

10. **PROPERTY, PLANT AND EQUIPMENT - continued**

Group

	Fixtures and fittings $'000	Motor vehicles $'000	Computer equipment $'000	Totals $'000
COST				
At 1 January 2020	3	1,277	598	587,472
Additions	11	-	-	491,266
At 31 December 2020	14	1,277	598	1,078,738
DEPRECIATION				
At 1 January 2020	13	704	554	3,454
Charge for year	1	151	19	3,484
At 31 December 2020	14	855	573	6,938
NET BOOK VALUE				
At 31 December 2020	-	422	25	1,071,800

Company

	Short leasehold $'000	Plant and machinery $'000	Fixtures and fittings $'000
COST			
At 1 January 2021	2,322	45	14
Additions	-	-	-
At 31 December 2021	2,322	45	14
DEPRECIATION			
At 1 January 2021	2,133	44	14
Charge for year	1	1	-
At 31 December 2021	2,134	45	14
NET BOOK VALUE			
At 31 December 2021	188	-	-
At 31 December 2020	189	1	-

continued...

10. PROPERTY, PLANT AND EQUIPMENT - continued

Company

	Motor vehicles $'000	Computer equipment $'000	Totals $'000
COST			
At 1 January 2021	1,277	598	4,256
Additions	-	19	19
At 31 December 2021	1,277	617	4,275
DEPRECIATION			
At 1 January 2021	855	573	3,619
Charge for year	28	19	49
At 31 December 2021	883	592	3,668
NET BOOK VALUE			
At 31 December 2021	394	25	607
At 31 December 2020	422	25	637

	Short leasehold $'000	Plant and machinery $'000	Fixtures and fittings $'000
COST			
At 1 January 2020	2,322	45	3
Additions	-	-	11
At 31 December 2020	2,322	45	14
DEPRECIATION			
At 1 January 2020	1,067	44	13
Charge for year	1,066	-	1
At 31 December 2020	2,133	44	14
NET BOOK VALUE			
At 31 December 2020	189	1	-

	Motor vehicles $'000	Computer equipment $'000	Totals $'000
COST			
At 1 January 2020	1,277	598	4,245
Additions	-	-	11
At 31 December 2020	1,277	598	4,256
DEPRECIATION			
At 1 January 2020	704	554	2,382
Charge for year	151	19	1,237
At 31 December 2020	855	573	3,619
NET BOOK VALUE			
At 31 December 2020	422	25	637

continued...

11. INVESTMENT PROPERTY

12. INVESTMENTS

Group

	Shares in group undertakings $'000
COST	
At 1 January 2021	44,545
Additions	87,801
At 31 December 2021	132,346
PROVISIONS	
Exchange differences	69
At 31 December 2021	69
NET BOOK VALUE	
At 31 December 2021	132,277

	Shares in group undertakings $'000
COST	
At 1 January 2020 and 31 December 2020	44,545
NET BOOK VALUE	
At 31 December 2020	44,545

Company

	Shares in group undertakings $'000
COST	
At 1 January 2021	45,144
Additions	87,801
At 31 December 2021	132,945
PROVISIONS	
Exchange differences	69
At 31 December 2021	69
NET BOOK VALUE	
At 31 December 2021	132,876
At 31 December 2020	45,144

continued...

18. **RESERVES - continued**

	Retained earnings $'000	Preference shares $'000	Translation reserve $'000	Totals $'000
At 1 January 2020	30,917	3,000	509	34,426
Deficit for the year	(66,394)			(66,394)
At 31 December 2020	(35,477)	3,000	509	(31,968)

Company

	Retained earnings $'000	Preference shares $'000	Totals $'000
At 1 January 2021	(26,963)	3,000	(23,963)
Profit for the year	80,378		80,378
At 31 December 2021	53,415	3,000	56,415

	Retained earnings $'000	Preference shares $'000	Totals $'000
At 1 January 2020	28,539	3,000	31,539
Deficit for the year	(55,502)		(55,502)
At 31 December 2020	(26,963)	3,000	(23,963)

19. **TRADE AND OTHER PAYABLES**

	Group		Company	
	31.12.21 $'000	31.12.20 $'000	31.12.21 $'000	31.12.20 $'000
Current:				
Trade creditors	73,978	53,694	192	41
Social security and other taxes	(21)	189	(21)	189
Other creditors	53,377	27,209	35,383	27,200
Accruals and deferred income	-	170	-	170
Accrued expenses	215	855	215	307
	127,549	82,117	35,769	27,907

20. **FINANCIAL LIABILITIES - BORROWINGS**

	Group		Company	
	31.12.21 $'000	31.12.20 $'000	31.12.21 $'000	31.12.20 $'000
Current:				
Bank loans	-	3,765	-	-
Other loans	2	36	36	36
	2	3,801	36	36

continued...

14. INVENTORIES

	Group	
	31.12.21	31.12.20
	$'000	$'000
Stocks	976	47

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	31.12.21	31.12.20	31.12.21	31.12.20
	$'000	$'000	$'000	$'000
Current:				
Trade debtors	1,637	8,161	639	274
Other debtors	618	4	-	-
VAT	96	-	1	-
Prepayments	124	181	124	181
	2,475	8,346	764	455
Non-current:				
Other debtors	20,171	-	-	-
Aggregate amounts	22,646	8,346	764	455

16. CASH AND CASH EQUIVALENTS

	Group		Company	
	31.12.21	31.12.20	31.12.21	31.12.20
	$'000	$'000	$'000	$'000
Cash in hand	-	37,846	-	-
Bank accounts	29,027	950	609	950
	29,027	38,796	609	950

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.21	31.12.20
			$	$
16,748,812	Ordinary	1	29,312,000	29,312,000

18. RESERVES

Group

	Retained earnings	Preference shares	Translation reserve	Totals
	$'000	$'000	$'000	$'000
At 1 January 2021	(35,478)	3,000	509	(31,969)
Deficit for the year	(21,583)			(21,583)
SoCIE line item with acc967/31	3,265	-	-	3,265
At 31 December 2021	(53,796)	3,000	509	(50,287)

continued...

12. INVESTMENTS - continued

Company Cost	$'000
At 31 December 2020 and 31 December 2021	1,989

All subsidiary undertakings have been consolidated in the Group financial statements. The proportion of voting rights in the subsidiary undertakings held by the Group does not differ from the proportion of ordinary shares held. The Group's subsidiary undertakings are listed below:

	Country of incorporation	Class ofSharecapital held	Proportion held by Group	Nature of business
GCM Global Energy Slavkali Limited	United Kingdom	Ordinary	100%	Intermediate holding company
GCM Global Energy Slavkali (Cyprus) Limited *	Cyprus	Ordinary	41.4%**	Intermediate holding company
Slavkali FLLC *	Belarus	Ordinary	41.4%**	Potash development
SlavkaliGaz Limited	Belarus	Ordinary	100%	Dormant company
GCM Corporate Services Limited	United Kingdom	Ordinary	100%	Dormant company

GCM Global Energy Slavkali Limited operates within the United Kingdom and its registered address is First Floor, 64-65 Vincent Square, London, SW1P 2NU.

Slavkali FLLC operates within Belarus and its registered office is Room 3.1, 35 Pervomayskaya St, Lyuban, Lyuban Region, Minsk, Belarus.

GCM Global Energy Slavkali (Cyprus) Limited operates within Cyprus and its registered office is 55 Arsinois, Flat/Office 12, Akropolis, Nicosia, Cyprus.

GCM Corporate Services Limited was incorporated in the United Kingdom in May 2019 and its registered address is First Floor, 64-65 Vincent Square, London, SW1P 2NU.

* These subsidiaries are indirectly held with GCM Global Energy Slavkali Limited owning 41.4% of the shares in GCM Global Energy Slavkali (Cyprus) Limited and GCM Global Energy Slavkali (Cyprus) Limited owning 100% of the shares in Slavkali FLLC.

** During 2016, GCM Global Energy Slavkali (Cyprus) Limited issued shares to Sberbank Investments Limited ("Sberbank") for $130m (before costs) giving Sberbank 33.6% of that subsidiary's share capital and reducing the group's interest to 41.4%. The remaining 25% of the subsidiary's shares are owned by a related party and this holding of 25% is accounted for as a non-controlling interest in the Group's financial statements.

As the shareholders' agreement includes an option that either party can exercise so that GCM Global Energy Slavkali Limited acquires 100% of the shares held by Sberbank for $130m plus interest at the rate of 15% per annum, this arrangement has been accounted for as a loan in the Group's consolidated financial statements and the Group has continued to account for GCM Global Energy Slavkali (Cyprus) Limited as a 75% owned subsidiary as it retains control. A member of the ultimate controlling party has signed an agreement with Sberbank to guarantee the obligations of GCM Global Energy Slavkali Limited and GCM Global Energy Slavkali (Cyprus) Limited under this agreement.

13. LOANS AND OTHER FINANCIAL ASSETS

continued...

12. **INVESTMENTS - continued**

Company

	Shares in group undertakings $'000
COST	
At 1 January 2020	
and 31 December 2020	45,144
NET BOOK VALUE	
At 31 December 2020	45,144

continued...

20. **FINANCIAL LIABILITIES - BORROWINGS - continued**

	Group		Company	
	31.12.21	31.12.20	31.12.21	31.12.20
	$'000	$'000	$'000	$'000
Non-current:				
Bank loans - 1-2 years	1,114,627	899,080	-	-
Other loans - 1-2 years	240,463	200,016	89,832	89,832
	1,355,090	1,099,096	89,832	89,832

Terms and debt repayment schedule

Group

	1 year or less	1-2 years	More than 5 years	Totals
	$'000	$'000	$'000	$'000
Bank loans	-	1,114,627	-	1,114,627
Other loans	2	-	240,463	240,465
	2	1,114,627	240,463	1,355,092

Company

	1 year or less	More than 5 years	Totals
	$'000	$'000	$'000
Other loans	36	89,832	89,868

21. **LEASING**
Group
Other leases

	31.12.21	31.12.20
	$'000	$'000
Short-term leases	1,193	7

22. **CAPITAL COMMITMENTS**

	31.12.21	31.12.20
	$'000	$'000
Contracted but not provided for in the financial statements	-	-

continued...

23. RELATED PARTY DISCLOSURES

Acquisition of Global Energy Azerbaijan Limited

On 3 December 2018, GCM Global Energy plc acquired 50% of the issued share capital in Global Energy Azerbaijan Limited for total consideration of $100m. The liability is owed to a connected party and remained outstanding at 31 December 2018.

During 2019, the Company entered into a series of setting off arrangements and a deed of assignment, transferring the outstanding liability to a different connected party. The total outstanding balance owed at 31 December 2021 is $89,832k (2020: $88,832k). Interest accrues on the outstanding liability at a rate of 7.3% per annum. Interest accrued on the loan in the year was $4,147k (2020: $5,954k).

Russneft Cyprus - investment in preference shares and disposal

On 5 January 2016, the group received 4,000 redeemable preference shares in a related party undertaking in exchange for total debt held at that date of $159,550,546 previously presented as a non-current related party loan receivable.

The redeemable preference shares are redeemable at the option of the related party company and so as a result of this debt restructuring, the balance of $159,550,546 no longer met the definition of a financial asset and was impaired to $nil as at 31 December 2016. As a result, and to reflect the substance of this transaction, the total impairment of $159,550,546 was disclosed as a capital restructure in the statement of changes in equity.

On 20 December 2018 the Company entered into an agreement to dispose of 120 redeemable preference shares to a connected party for total consideration of $4,837,000. The share transfer certificate confirming the transaction was approved after the year end and so at 31 December 2018 the preference shares remained under the ownership of the Company. The impairment against the disposal shares was reversed up to the original cost of these disposal shares of $4,787,000. During 2019, the amount due in respect of these preference shares was set off against outstanding liabilities owed to the same connected party and $nil remains outstanding as at 31 December 2019.

During 2020 the Company entered into a number of agreements to dispose of a total of 42 redeemable preference shares to connected parties for total consideration of $1,699,866. The impairment against the disposal shares has been reversed up to the original cost of these disposal shares of $1,675,280 and a gain on disposal of $24,586 has been recognised in comprehensive income. All amounts have been settled at 31 December 2020.

During 2020 the Company entered into a number of agreements to dispose of 175 redeemable preference shares to an associate undertaking for total consideration of $7.2m (2019: 499 redeemable preference shares for total consideration of $20m). The share transfer certificates confirming the transactions are awaiting bank approval and so the impairment against investment in preference shares has not been reversed for these shares as at 31 December 2020 or 31 December 2019. The total consideration received is presented as a prepayment from associate within trade and other payables for $27.2m as at 31 December 2021 (2020: $27.2m). If approval is not obtained by 31 December 2021, the consideration received by the Company is non-refundable and will be recognised in other income. The approval was not obtained and the and is presented as a prepayment from associate within trade and payables.

Other Related Party Transactions

Rent and other income includes $1,581k (2020: $1,584k) received by the Company and the Group in relation to rental and other services provided to connected parties during the year.

On 19 February 2019, a subsidiary company of the group entered into a new loan facility agreement with a related party. During the year the subsidiary made total drawdowns of $26.1m (2020: $47.7m) under the facility agreement. Interest of $5.7m accrued during the year (2020: $3.1m) on the outstanding loan principal. The total amount owed by the subsidiary as at 31 December 2021 was $126.1m (2020: $99.9m).

continued...

During the year ended 31 December 2018, a related party provided finance under a short-term facility agreement to the Company. The total balance outstanding as at 31 December 2021 was $35k (2020: $35k). Interest accrued on the loan in the year was $1k (2020: $1k).

During the year ended 31 December 2018, a related party provided finance under a new facility agreement to a subsidiary company of the group. The total amount outstanding as at 31 December 2021 was $5.9m (2020: $5.7m). Interest accrued on the loan in the year was $259k (2020: $260k).

During the year ended 31 December 2016, a related party provided further finance on a facility agreement to a subsidiary company of the group. The total amount outstanding at 31 December 2021 was $4.6m (2020: $4.5m). Interest accrued on the loan in the year was $119k (2020: $119k).

24. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the year end, the European Union and the United Kingdom introduced sanctions targeting certain individuals and entities connected to Belarus ("the Sanctions"), which will cause a direct impact on those persons targeted and an indirect impact on the Belarusian economy and certain entities operating in Belorussia. Whilst the Company has received legal advice that neither the Company nor Group are directly affected by the sanctions, the indirect impact on the Group and its lenders is unclear.

25. ULTIMATE CONTROLLING PARTY

The Company is controlled by Lambency Holdings Limited, a company incorporated in Cyprus. The Company's ultimate controlling party during the year was considered to be Mr Mikhail Gutseriev who was the majority shareholder of Lambency Holdings Limited. On 10 June 2021, the ultimate controlling party changed from Mr Mikhail Gutseriev to Mr Sait-Salam Gutseriev.

Consolidated Detailed Statement of Profit or Loss for the Year Ended 31 December 2021

	Notes	31.12.21 $'000	31.12.20 $'000
REVENUE			
Interest and other income		5,120	2,526
		5,120	2,526
ADMINISTRATIVE EXPENSES			
Establishment costs			
Leases		1,187	-
Other establishment costs		650	606
Light and heat		24	22
Repairs to property		43	45
Administrative expenses			
Wages		1,809	2,182
Social security		394	460
Pensions		154	201
Telephone		87	75
Post and stationery		341	121
Travelling		43	110
Motor expenses		13	18
Implement repairs		9	19
Licences and insurance		20	19
Computer costs		89	142
Sundry expenses		21	205
Subscriptions		25	51
Legal fees		356	13
Auditors' remuneration		5	5
Auditors' remuneration for non audit work		205	200
Foreign exchange losses		434	5,666
Admin extra 1			
Entertainment		101	160
Donations		548	4,011
Finance costs			
Bank charges		25	7
Depreciation			
Short leasehold		-	1,065
Plant and machinery		19	19
Motor vehicles		111	150
		6,713	15,572
OTHER OPERATING EXPENSES			
Leases		6	7
Depreciation of tangible fixed assets		1,929	1,054
		1,935	1,061
FINANCE COSTS			
Loan		105,741	6,130
		105,741	6,130

This page does not form part of the statutory financial statements

Gem Global Energy Plc

Consolidated Detailed Statement of Profit or Loss,
for the Year Ended 31 December 2021

	Notes	31.12.21 $'000	31.12.20 $'000
Share of profit/(loss) of joint ventures		87,801	(45,958)
		87,801	(45,958)