ALPHA PETROLEUM (UK) HOLDINGS LIMITED

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

REGISTRATION NUMBER: 08774092

Directors	Daniel Reis Arun Subbiah Alanna Kapoor (resigned on 13 March 2023) Paul Woodman (appointed on 13 March 2023)
Administrator and Secretary	Vistra Fund Services Limited 4th Floor, St Paul's Gate 22-24 New Street St Helier Jersey JE1 4TR Channel Islands
Registered Office	11 - 12 3rd Floor St James's Square London SW1Y 4LB United Kingdom
Legal Advisors	Debevoise & Plimpton LLP 65 Gresham Street London EC2V 7NQ United Kingdom
Independent Auditor	BDO Limited Windward House La Route de la Liberation St Helier Jersey JE1 1BG Channels Islands

The directors present their annual report and the audited financial statements of Alpha Petroleum (UK) Holdings Limited (the 'Company') for the year ended 31 December 2022.

The Company is a private company limited by shares and is incorporated and domiciled in England. The principal place of business is 11 - 12 3rd Floor, St James's Square, London, England, SW1Y 4LB .

The immediate parent of the Company is Alpha Petroleum HoldCo II Limited ('HoldCo II'). The ultimate parent and controlling party of the Company is Alpha Petroleum HoldCo I Limited ('HoldCo I').

Principal activity

The Company was formed for the purposes of the acquisition of the entire issued share capital of Alpha Petroleum Resources Limited ("APR"). APR's assets include producing gas fields and substantial development reserves. All issued shares of APR was sold and further information is provided under the going concern section below.

Going concern

On 8 July 2022, the Company and Waldorf Production Limited (the 'Purchaser') entered into a Share Purchase Agreement (the 'SPA') where the Company has agreed to sell to the Purchaser the entire issued shares in the capital of APR.

The completion date of the SPA was on 4 November 2022 and proceeds of sale will be received in instalments over an estimated time of 5 years from completion date, in accordance with the conditions laid out in the SPA. Due to the process expected to take several years, the asset has been correctly classified as non-current.

With the sole investment sold and awaiting future proceeds to be received and to be distributed to its shareholder, the Company ceased its operations. In this regard, the directors do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern. The carrying value of the investments in the balance sheet represent the fair value as at the balance sheet date and no adjustment has been made to the numbers in the balance sheet and profit and loss.

Results and dividends

The results for the year are set out on page 8. The directors declared USD 25,226,965 dividend in specie in 2022.

Events after the reporting period

Events after reporting period are disclosed in note 14 of the financial statements.

Future developments

The Company has no significant future developments to report.

Financial risk management

The financial risk management objectives and policies are disclosed in Note 2.

Directors

The directors in office during the year and when these financial statements were approved are shown on page 1. The directors did not receive any remuneration from the Company for the year ended 31 December 2022 (2021: USD nil).

Employees

The Company had no employees during the current or prior year.

Secretary

The Secretary for the year and subsequently is as stated on page 1.

Auditor

Deloitte LLP have resigned as auditor and BDO Limited have been appointed as auditor of the financial statements for the year ended 31 December 2022 and have expressed their willingness to continue in office.

Small Company Exemptions

In preparing this report, the directors have taken advantage of the small companies' exemptions provided by Section 415A of the Companies Act 2006.

The directors have taken advantage of the small companies' exemptions provided by 414B of the Companies (United Kingdom) Act 2006 not to provide a strategic report.

Qualifying third party indemnity provisions

An associated undertaking maintains an indemnity to the Company's directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in Section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Directors' Responsibilities Statement

The directors are responsible for preparing the Annual 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 International Accounting Standards in conformity with the requirements of the Companies Act 2006. 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 of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors confirm they have complied with all the above requirements in preparing the financial statements.

Directors' Responsibilities Statement - continued

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

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

Statement of disclosure to auditors

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as that the directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that the directors have taken all the steps that ought to have been taken as directors in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Directors confirm that they have complied with all the above requirements in preparing the financial statements.

Approved by the Board and signed on its behalf by:

Director:
Date: 27.03.2023

BDO

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALPHA PETROLEUM (UK) HOLDINGS LIMITED

Opinion

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Alpha Petroleum (UK) Holdings Limited ("the Company") for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes 1 to 14 to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity 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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, 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.

Emphasis of matter - Financial Statements prepared on a basis other than going concern

We draw attention to note 1.1 to the financial statements, which explains that the financial statements have been prepared on a basis other than going concern as the Directors have determined to wind up the Company following the completion of the sale of its sole investment. Our opinion is not modified in respect of this matter.

Other Matter - Prior Year Auditor

The financial statements of the Company for the year ended 31 December 2021 were audited by another auditor, Deloitte LLP, who expressed an unmodified opinion on those statements on 31 March 2022.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be

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materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

the Directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in 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, or returns adequate for our audit have not been received from branches not visited by us; or

the financial statements are not in agreement with the 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; or

the Directors were not entitled to take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of Directors

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

In preparing the financial statements, the Directors are responsible for assessing the 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 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.

Extent to which the audit was capable of detecting irregularities, including fraud

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

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with the Companies Act 2006. We made enquiries of the Directors to obtain further understanding of risks of non-compliance.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management regarding known or suspected instances of non-compliance with laws and regulations;
- identifying and testing of journal entries based on certain characteristics or values that represent a higher risk of misstatement;
- review of minutes throughout the year; and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located at 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.

BDO Limited

Christopher Stuart (Senior Statutory Auditor)
For and on behalf of BDO Limited, Statutory Auditor
Jersey, Channel Islands
27 March 2023

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

		For the year from 1 January 2022 to 31 December 2022		For the year from 1 January 2021 to 31 December 2021	
	Notes	**USD**	**USD**	**USD**	**USD**
Expenses					
Administration fees		(30,995)		(17,654)	
Audit fees		(29,412)		(29,214)	
Bank charges		(27)		(289)	
Sundry expenses		-		(2,355)	
Total operating expenses			(60,434)		(49,512)
Net gain on financial assets at fair value through profit or loss:					
Unrealised (loss)/gain	3		(40,654,112)		83,062,227
Gain on disposal	3		60,825,646		-
Net foreign exchange gain			21,369		2,783
Net profit before taxation			20,132,469		83,015,498
Taxation	9		-		-
Total profit and comprehensive income for the year			**20,132,469**		**83,015,498**

There were no components of 'other comprehensive income' which are required to be separately disclosed during the current and prior year. All items dealt with in arriving at the profit for the current and prior year relate to discontinuing and continuing operations, respectively.

REGISTRATION NUMBER: 08774092

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Notes	31 December 2022 USD	31 December 2021 USD
Assets			
Non current assets			
Financial assets at fair value through profit or loss	4	161,551,157	159,010,850
Total non current assets		**161,551,157**	**159,010,850**
Current assets			
Receivables		72,918	-
Cash and cash equivalents	6	-	50,569
Total current assets		**72,918**	**50,569**
Total assets		**161,624,075**	**159,061,419**
Equity and liabilities			
Liabilities			
Accruals and other payables	7	2,535,459	220,271
Loans payable	5	122,646,801	117,304,837
Total liabilities		**125,182,260**	**117,525,108**
Equity			
Share capital	8	1	1
Retained earnings		36,441,814	41,536,310
Total equity		**36,441,815**	**41,536,311**
Total equity and liabilities		**161,624,075**	**159,061,419**

The financial statements of Alpha Petroleum (UK) Holdings Limited were approved and authorised for issue by the Board of Directors on 27 March 2023 and were signed on its behalf by:

P. Wadham

Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Share Capital USD	Retained Earnings / (Accumulated Losses) USD	Total USD
Balance as at 1 January 2021		**1**	**(41,479,188)**	**(41,479,187)**
Total profit and comprehensive income for the year		-	83,015,498	83,015,498
Balance as at 31 December 2021	8	**1**	**41,536,310**	**41,536,311**
Total profit and comprehensive income for the year		-	20,132,469	20,132,469
Dividend in specie declared	11	-	(25,226,965)	(25,226,965)
Balance as at 31 December 2022	8	**1**	**36,441,814**	**36,441,815**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	For the year from 1 January 2022 to 31 December 2022 USD	For the year from 1 January 2021 to 31 December 2021 USD
Cash flows from operating activities			
Total profit and comprehensive income for the year		20,132,469	83,015,498
Adjustments for:			
Net gain on financial assets at fair value through profit or loss:			
Unrealised loss/(gain)	3	40,654,112	(83,062,227)
Gain on disposal	3	(60,825,646)	-
Exchange loss on cash and cash equivalents		207	-
Increase in payables		2,315,188	46,446
Increase in receivables		(2,326,692)	-
Net cash used in operating activities		**(50,362)**	**(283)**
Cash flows from investing activities			
Disposal proceeds from interest-free loans*	3	25,226,965	-
Investment in interest-free loans	3	(5,341,964)	(6,957,271)
Net cash generated used in investing activities		**19,885,001**	**(6,957,271)**
Cash flows from financing activities			
Loan note paid**	11	(25,226,965)	-
Loans from HoldCo II	3	5,341,964	6,957,271
Net cash (used in)/generated from financing activities		**(19,885,001)**	**6,957,271**
Net decrease in cash and cash equivalents		**(50,362)**	**(283)**
Cash and cash equivalents at the beginning of the year		50,569	50,852
Exchange loss on cash and cash equivalents		(207)	-
Cash and cash equivalents at the end of the year	6	-	**50,569**

Significant non cash transactions

*On the completion date of sale in 2022, the discounted proceeds of sale of APR amounted to USD 184,888,513, out of which USD 25,226,965 has been collected in 2022.

**On 3 November 2022, the Company declared a dividend in specie to Holdco II, through issuance of an interest-free unsecured loan note amounting to USD 25,226,965. The loan note was fully paid on 4 November 2022

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

1.1 Basis of preparation

These financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and have been prepared under the historical cost convention as modified for the revaluation of certain financial assets and liabilities at fair value. The financial statements are prepared in US Dollars ('USD'), the primary currency in which the Company operates ('Functional currency').

Consolidation

The Company owned 100% of the issued shares of Alpha Petroleum Resources Limited ('APR'), which was sold in 2022. The registered address of APR was 4th Floor, Friary Court, 13-21 High Street, Guildford, Surrey GU1 3DL.

On adoption of IFRS 10 Consolidated Financial Statements, the Company has determined that it meets the definition of an investment entity as disclosed in Note 1.10 and therefore, as at 31 December 2021, APR was not consolidated. The Company's investment in APR is accounted for at fair value through profit or loss.

These are the only financial statements produced by the Company.

The immediate parent of the Company is Alpha Petroleum HoldCo II Limited ('HoldCo II'). The ultimate parent and controlling party of the Company is Alpha Petroleum HoldCo I Limited ('HoldCo I'). The registered address of both HoldCo I and HoldCo II is 4th Floor, St Paul's Gate, 22-24 New Street, St Helier, Jersey Channel Islands JE1 4TR.

Going concern

On 8 July 2022, the Company and Waldorf Production Limited (the 'Purchaser') entered into a Share Purchase Agreement (the 'SPA') where the Company has agreed to sell to the Purchaser the entire issued shares in the capital of APR.

The completion date of the SPA was on 4 November 2022 and proceeds of sale will be received in instalments over an estimated time of 5 years from completion date, in accordance with the conditions laid out in the SPA. Due to the process expected to take several years, the asset has been correctly classified as non-current.

With the sole investment sold and awaiting future proceeds to be received and to be distributed to its shareholder, the Company ceased its operations. In this regard, the directors do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern. The carrying value of the investments in the balance sheet represent the fair value as at the balance sheet date and no adjustment has been made to the numbers in the balance sheet and profit and loss.

1. Summary of significant accounting policies - continued

Critical accounting judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and exercise of judgement by the directors while applying the Company's accounting policies. These estimates are based on the directors' best knowledge of the events, which existed at the financial position date; however, the actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

There are significant areas of estimation uncertainty and critical judgement involved in the calculation of fair values. Further details in relation to key assumptions made in determining the fair values of the Company's investment in the APR are disclosed in Note 4.

The Company's classification as an investment entity as disclosed in Note 1.10 is a critical accounting judgement.

Adoption of new and revised IFRS

Amendment to IFRS that are mandatorily effective for the current period

- Annual Improvements to IFRS Standards 2018-2020 (effective from 1 January 2022)
- Reference to the Conceptual Framework (Amendments to IFRS 3) (effective from 1 January 2022)

In the opinion of the Directors, the mandatory and effective standards and interpretations listed above did not have a material impact or are not applicable to the financial statements of the Partnership and therefore further disclosures have not been made.

Standards not yet effective, but available for early adoption

At the date of authorisation of these financial statements, the following standard which has not been applied in these financial statements was in issue but not yet effective but available for early adoption:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) (effective 1 January 2023)
- Definition of Accounting Estimate (Amendments to IAS 8) (effective 1 January 2023)
- Classification of liabilities as current or non-current (Amendments to IAS 1) (effective 1 January 2024)

The Directors have concluded that the above standard is not expected to have any significant impact on the financial statements for future periods.

1.2 Revenue recognition

Interest revenue is recognised on an accruals basis, by reference to the principal outstanding at the effective interest rate applicable, which is the rate that exactly discounts estimated future receipts through the expected life of the financial asset to the assets net carrying amount.

1. Summary of significant accounting policies - continued

1.3 Financial assets

Classification

In accordance with IFRS 9, the Company classifies its financial assets at fair value through profit or loss. The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss comprise the Company's investment in the Purchaser. The Company's policy is for the Board of Directors to evaluate the information about this investment on a fair value basis together with other related information. Assets in this category are classified as current assets if there is a possibility they can be settled within 12 months; otherwise, they are classified as non-current.

Recognition and measurement

Financial assets carried at fair value through profit or loss, are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. Subsequent to initial recognition, financial assets in this category are re-measured at fair value.

Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss are presented in the statement of comprehensive income in the period in which they arise.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which either substantially all of the risk and rewards of ownership of the financial assets are transferred or the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

1.4 Financial liabilities

Classification, recognition, and measurement

Financial liabilities are classified as measured at amortised cost. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses, if any are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

1.5 Expenses

All items of expenses are recognised on an accruals basis.

1. Summary of significant accounting policies - continued

1.6 Foreign currency translation

Foreign currency transactions are translated to USD using the exchange rates prevailing at the dates of the transactions. Foreign currency monetary assets and liabilities are translated to USD using the exchange rate prevailing at the statement of financial position date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

1.7 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or recoverable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the date of the statement of financial position. Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the date of the statement of financial position and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

1.8 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, bank overdrafts and other short term liquid investments with original maturities of three months or less.

1.9 Dividend

Dividend income and dividend declared is recognised when the right to receive payment and right to make payment, respectively is established.

1.10 Investment entity

IFRS 10 Consolidated Financial Statements introduced an exception to the principle that all subsidiaries should be consolidated. The amendments define an investment entity and require a parent entity that is an investment entity to measure its subsidiaries at fair value through profit or loss, in accordance with IFRS 9 and IFRS 13 Fair Value Measurement instead of consolidating those subsidiaries. The Company meets the definition of an investment entity on the basis of the following criteria;

1. Summary of significant accounting policies - continued

1.10 Investment entity - continued

- the Company obtains funds from multiple investors through Alpha Petroleum HoldCo I Limited ('HoldCo I') for the purpose of providing those investors with investment management services;
- the Company commits to its investors, through HoldCo I, that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- the Company measures and evaluates the performance of substantially all of its investments on a fair value basis.

To determine if the Company meets the definition of an investment entity, further consideration is given to the following characteristics of an investment entity that are demonstrated by the Company;

- it has more than one investor through HoldCo I;
- it has investors, through HoldCo I, that are not related parties
- it has ownership interests in the form of equity or a similar interest; and
- it holds investments for a limited period only i.e. it has an exit strategy for its investments.

1.11 Capital management

For the purpose of the Company's capital management, capital includes issued share capital and retained earnings attributable to the Company's shareholder. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholder. The shareholder will invest additional monies into the Company by providing interest-free loans in order to ensure that the Company can meet its ongoing financial obligations. These shall be provided at such times as the Company may require for working capital purposes or for meeting any obligation of the Company. The Company is not subject to any external capital requirements. Following the board approval of winding up the Company and sale of investment of its indirect subsidiary, the Company uses the proceeds of sale and remaining working capital to meet its ongoing and future financial obligations. Any excess amount is distributed to shareholders.

1.12 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

1.13 Share Premium

Share premium represents the excess consideration received by the Company over the par value of ordinary shares issued and is classified as equity.

2. Use of financial instruments

The Company's activities expose its shareholders to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), liquidity risk and credit risk. The risk management policies employed by the Company to manage these risks are discussed below.

The carrying values of the Company's financial assets and liabilities below are not considered to be materially different from their fair values.

(a) Market risk

(i) Price risk

As at 31 December 2021, the Company's financial asset at fair value through profit or loss ("FVTPL") represented its investment in APR, which as fully sold in 2022. As at 31 December 2022, the Company's financial asset at FVTPL represents the sale proceeds receivables from the Purchaser. The Company's financial assets at FVTPL is susceptible to market price risk arising from uncertainties about future cash flows from these proceeds. The basis of the valuation and the Company's exposure to price risk are set out in Note 4.

2. Use of financial instruments - continued

(a) Market risk - continued

(ii) Currency risk

Currency risk is the risk that the Company's income, or the value of its financial instruments will be affected by changes in foreign exchange rates. The Company's principal exposure to foreign currency risk relates to its financial assets and financial liabilities denominated in British Pounds (GBP) amounting to USD 2,535,459 (2021: USD 220,341).

The GBP exchange rate at 31 December 2022 was GBP 1 to 1.21 (2021: GBP 1 to USD 1.35). As at 31 December 2022, a 10% increase/decrease in GBP against USD will result in an increase/decrease in the net assets of the Company by USD 253,546 (2021: increase/decrease of USD 22,034). 10% is management's assessment of reasonably possible change in foreigh exchange rates.

(iii) Interest rate risk

The Company is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The cash and cash equivalents amounting to nil as at 31 December 2022 (2021: USD 50,569) are held with floating rate of interest. The directors believe that there is no significant net interest rate risk to the Company.

(b) Liquidity risk

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Company meets its funding requirements through loans provided from its ultimate parent company, HoldCo I, through its immediate parent company, HoldCo II. Any proceeds from sale of APR can also be use to meet its current and future obligations.

The Company ensures that it will have sufficient cash to allow it to meet its liabilities when they become due. The management prepared monthly budgeted cash flow projections which indicates the Company's expected sufficient liquid resources to meet its obligations under all reasonable expected circumstances.

The following table shows the contractual maturity analysis of the Company's assets and liabilities:

As at 31 December 2022:

	Due within one year USD	Due after one year but within five USD	Total USD
Assets			
Financial assets at FVTPL	-	161,551,157	161,551,157
Receivables	72,918	-	72,918
	72,918	161,551,157	161,624,075
Liabilities			
Accruals and other payables	(2,535,459)	-	(2,535,459)
Loans payable	-	(122,646,801)	(122,646,801)
	(2,535,459)	(122,646,801)	(125,182,260)
Net liquidity risk	(2,462,541)	38,904,356	36,441,815

2. Use of financial instruments - continued

(b) Liquidity risk - continued

As at 31 December 2021:

	Due within one year	Due after one year but within five	Total
	USD	USD	USD
Assets			
Financial assets at FVTPL	-	159,010,850	159,010,850
Cash and cash equivalents	50,569	-	50,569
	50,569	159,010,850	159,061,419
Liabilities			
Accruals and other payables	(220,271)	-	(220,271)
Loans payable	-	(117,304,837)	(117,304,837)
	(220,271)	(117,304,837)	(117,525,108)
Net liquidity risk	(169,702)	41,706,013	41,536,311

(c) Credit risk

The Company is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

As at 31 December 2021, the Company is primarily exposed to the credit risk of APR. APR is subject to Company Voluntary Arrangement ('CVA') in respect to its creditors pursuant to the agreement between APR and the Company on 23 December 2013. Per Section 4 of the SPA between the Company and the Purchaser, the sale is conditional upon completion of Replacement CVA which releases the Company in full from its obligations and liabilities in respect of the CVA Guarantee. Upon the sale of the entire shares of APR, the Company has been released in full of its obligations and liabilities in respect of the CVA.

As at 31 December 2022, the Company is primarily exposed to credit risk of the proceeds receivable from the Purchaser. The risk is mitigated by monitoring the financial position and performance of the Purchaser.

The Company's maximum exposure to credit risk on financial assets is the total carrying amount of the financial assets as set out below:

	31 December 2022	31 December 2021
	USD	USD
Financial assets at FVTPL (debt instruments)	161,551,157	117,003,837
Receivables	72,918	-
Cash and cash equivalents	-	50,569
	161,624,075	117,054,406

The cash and cash equivalents and receivables are held with banks with reputable credit rating on which the directors believe that there is no significant credit risk to the Company.

The Company applies IFRS 9 simplified approach to measuring expected credit losses which uses lifetime expected loss allowance for receivables. Cash and cash equivalents and receivables are subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial. Accordingly, no impairment was recognised in the Statement of Comprehensive Income.

3. Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for asset or liabilities that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Company's financial instruments that are measured at fair value:

As at 31 December 2022

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial assets at fair value through profit or loss				
Financial assets at FVTPL	-	-	161,551,157	161,551,157

As at 31 December 2021

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial assets at fair value through profit or loss				
Investment in APR	-	-	159,010,850	159,010,850

Financial instruments classified within level 3 have significant unobservable inputs. The key assumptions made in determining the fair values of the Company's investments are disclosed in Note 4.

At every year-end, the Advisor presents to the directors its assessment if there have been transfers between levels. A transfer is deemed to have occurred if any of the significant inputs in the fair value model have changed from unobservable (Level 3) to either quoted (Level 1) or observable (Level 2). Transfers between levels are effective from the end of the financial year. There were no transfers between levels during the year.

	31 December 2022 USD	31 December 2021 USD
Financial assets at fair value through profit or loss		
Investment		
Opening balance	159,010,850	68,991,352
Interest-free loans to APR	5,341,964	6,957,271
Proceeds receivable from Purchaser	184,888,513	-
Cost of investment sold	(121,809,093)	-
Partial disposal proceeds collected from Purchaser	(25,226,965)	-
Unrealised (loss)/gain	(40,654,112)	83,062,227
Ending balance	161,551,157	159,010,850

3. Fair value estimation (continued)

	31 December 2022 USD	31 December 2021 USD
Gain on disposal:		
Proceeds receivable from Purchaser	184,888,513	-
Cost of investment sold	(121,809,093)	-
Receivable from APR	(2,253,774)	-
	60,825,646	-

4. Financial assets at fair value through profit or loss

	31 December 2022 USD	31 December 2021 USD
Proceeds receivable from Purchaser	184,888,513	-
Partial disposal proceeds collected from Purchaser	(25,226,965)	-
Investment in APR	-	117,004,836
Cost	159,661,548	117,004,836
Fair Value	161,551,157	159,010,850

As disclosed in Notes 1.1 and 1.9, the Company meets the definition of an investment entity and therefore does not consolidate APR as at 31 December 2021.

On 31 December 2022, the valuation is determined as follows:

	31 December 2022 USD
Discounted proceeds from Purchaser	161,690,625
Other net liabilities	(139,468)
Valuation of investment	161,551,157

The fair value of financial asset is based on the discounted cash flows of the expected consideration or proceeds from the sale of APR. The proceeds from the sale of APR comprises of base consideration, intercompany debt repayment, commodity price earn-out, production earn-out and Cheviot earn-out. All earn-out proceeds are contingent to certain conditions laid out in the SPA. The valuation of investment assumes a base case scenario that only portion of the earn-out proceeds will be received. If certain conditions are met or not, the change of valuation would be a decrease of USD 68,607,537 for low case scenario and an increase of USD 45,011,254 for high case scenario.

On 31 December 2021, the valuation is determined as follows:

	31 December 2021 USD
Net asset value of APR, adjusted	349,860,680
Contingent payments	(39,629,677)
Liquidity discount	(151,220,152)
Valuation of investment	159,010,850

4. Financial assets at fair value through profit or loss - continued

As at 31 December 2021, the net asset value of APR was based on the discounted cash flows from its development and producing assets. The resulting net asset value of APR amounting to USD 270,431,011 was adjusted to addback the intercompany loans provided by the Bidco to APR amounting to USD 79,429,669 in the form of interest-free funding securities. The discounted cash flows of APR involve a number of judgements and estimates including future oil and gas prices, production levels, future capital and operating expenditures and discount rate. These assumptions are inherently uncertain.

A liquidity discount of 50% was then applied based on the observed average discount of equities to net asset values of companies similar to APR. This discount reflects a period of turmoil in global oil markets, and therefore there is significant uncertainty as to whether and to what extent such a discount will endure.

The sensitivity analysis of investment as at 31 December 2021 was not presented as it is not relevant and applicable following the sale of investment in APR.

5. Loans payable

	31 December 2022 USD	31 December 2021 USD
Loans payable to HoldCo II	122,646,801	117,304,837

As at 31 December 2022, the Company has issued a total of USD 122,646,801 unsecured Interest-free Funding Securities ('IFFS') to HoldCo II (2021: USD 117,304,837), its parent. This is pursuant to the Interest Free Funding Securities Deed Poll by the Company on 19 December 2013. Per the Deed Poll, the aggregate principal of the IFFS the Company can issue is limited to USD 88,500,000 or such larger amount as agreed between the Company and HoldCo II from time to time.

The Company shall be entitled at all times to prepay or repay the outstanding IFFS. The Company can also be called upon to repay the amount due. Repayment of the IFFS is subject to certain limitations to protect the Company's liquidity. The IFFS are otherwise mandatorily convertible into the Company's shares at the fifty-first anniversary of its effective date.

6. Cash and cash equivalents

	31 December 2022 USD	31 December 2021 USD
Cash at bank	-	50,569

7. Payables

	31 December 2022 USD	31 December 2021 USD
Payable to Holdco I	25,564	25,564
Payable to Holdco II	2,471,999	160,932
Administration fees	6,480	8,013
Audit fees	31,416	25,762
	2,535,459	220,271

8. Share capital

The following are the share issued and fully paid as at the year end.

	31 December 2022 USD	31 December 2021 USD
Ordinary USD 1 par value shares (1 share)	1	1

9. Taxation

	31 December 2022 USD	31 December 2021 USD
Current tax		
UK Corporation Tax	-	-
Tax reconciliation		
Net profit before taxation	20,132,469	83,015,498
Income tax expense at UK tax rate of 25% (2021: 19%)	(5,033,117)	(15,772,945)
Non taxable income	5,042,883	15,781,823
Tax losses carried forward on which no deferred tax asset is recognised	(9,766)	(8,878)
Deferred tax	-	-
Total taxation	-	-

The Company has unrecognised deferred tax assets in relation to tax losses amounting to USD 99,010 (2021: USD 89,244). These assets are not recognised on the basis of insufficient evidence concerning profits being available against which deferred tax assets could be utilised.

The unrecognised deferred tax asset included in these financial statements are based on the UK corporate tax rate of 19% for 2021 and 25% for 2022 .

10. Auditor's remuneration

The analysis of the auditor's remuneration is as follows

	31 December 2022 USD	31 December 2021 USD
Audit of the Company's financial statements	24,500	29,214

As at 31 December 2022, USD 24,500 is outstanding in respect of the above services (31 December 2021: USD 25,762).

11. Related party transactions

There are no emoluments due and outstanding to the Company's directors for the years ended 31 December 2022 and 31 December 2021.

As described in Note 1, the investment in APR was sold in 2022.

On 3 November 2022, the Company declared a dividend in specie to Holdco II, through issuance of an interest-free unsecured loan note amounting to USD 25,226,965. The loan note was fully paid on 4 November 2022 upon receipt of initial consideration and first intercompany debt repayment of USD 25,226,965 proceeds from the sale of APR.

The Company's ordinary shares are 100% owned by HoldCo II. The Company's loans payable to HoldCo II are disclosed in Note 5

As at 31 December 2022, an amount of USD 2,471,999 (2021: USD 116,594) is due to HoldCo II for operating expenses paid for by HoldCo II on behalf of the Company.

As at 31 December 2022, an amount of USD 25,564 (2021: USD 25,564) is due to HoldCo I for operating expenses paid for by HoldCo I on behalf of the Company.

As at 31 December 2022, an amount of USD 22,557 (2021: USD nil) is due from HoldCo I.

There were no transactions with related parties that had impact on the statement of comprehensive income for the year ended 31 December 2022 (2021: USD nil).

12. Contingent liabilities

The Company guarantees funding the decommissioning obligations of APR by virtue of UK legislation under Sections 29-34 of the Petroleum Act 1998 through the principle of parental or "associated company" liability. This has been terminated during the year ended 31 December 2022 when APR has been sold.

13. Controlling party and ultimate controlling party

The immediate controlling party and the ultimate controlling party of the Company is HoldCo II and HoldCo I respectively.

14. Events after the reporting period

On 3 March 2023, the Company declared a dividend in specie to Holdco II, through issuance of an interest-free unsecured loan note amounting to USD 6,250,000. The loan note was fully paid on 7 March 2023.

On 13 March 2023, Alanna Kapoor resigned as a director and Paul Woodman was appointed as a director of the Company.

The directors have evaluated the subsequent events from the date of the financial statements through to the date the financial statements were available to be issued. There were no other subsequent events identified which required adjustment nor disclosure in these financial statements.