

PALADIN RESOURCES LIMITED
Annual report and financial statements
For the year ended 31 December 2022
Registered number: SC149507



Paladin Resources Limited

Contents

	Page
Corporate Information	3
Strategic report	4
Directors' report for the year ended 31 December 2022	7
Statement of directors' responsibilities in respect of the financial statements	8
Independent auditors' report to the members of Paladin Resources Limited.....	11
Income statement for the year ended 31 December 2022	14
Statement of comprehensive income for the year ended 31 December 2022	14
Statement of financial position as at 31 December 2022	15
Statement of changes in equity for the year ended 31 December 2022	17
Notes to the Financial Statements for the year ended 31 December 2022	18

Paladin Resources Limited

Corporate Information

Board of Directors

The Directors who held office during the year and up to the date of signing of the financial statements were as follows:

José Carlos de Vicente Bravo

Juan Pablo Stelzer Serrate

Luis Alberto Polo Navas (appointed on 01 March 2023)

Nicolaš Guy Foucart (resigned on 01 March 2023 and appointed on 15 September 2022)

Jose Luis Muñoz Vega (resigned on 15 September 2022)

Registered office

13 Queen's Road, Aberdeen, AB15 4YL

Independent Auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

1 Kingsway

Cardiff

CF10 3PW

Paladin Resources Limited

Strategic report

The directors present their strategic report for the year ended 31 December 2022.

Review of the Business

Paladin Resources Limited ("the Company") was incorporated 9 March 1994 as the holding company of a group involved in oil and gas exploration, development and production internationally.

On 17th November 2021, FEHI Holding S.a.r.l, company incorporated in Luxembourg, acquired the entire issued share capital of Paladin Resources Limited. Therefore, the shares are owned by FEHI Holding S.a.r.l, an indirect wholly owned subsidiary of Repsol, S.A., whose corporate headquarters are based in Madrid, Spain.

On the 24th of February 2022, Russia invaded Ukraine. The conflict, apart from severe personal and material damage in the affected countries, has a relevant impact in the international political relationships and in the worldwide economy. Among the immediate and most relevant impacts in the sector and markets in which the entity operates, it is remarkable the notable increase of the petroleum, gas and electricity prices, as well as the volatility in financial and commodity markets. The Company is committed in complying with the directives arising from the sanctions and controls imposed to Russia and is following closely the events in order to anticipate possible impacts in its economic situation and in the performance of its business.

The Company's key performance indicators during the year were as follows:

	2022	2021
	\$'000	\$'000
Net loss/profit	(3,616)	10,000
Dividends received	-	1,800
Investments	51,075	55,195
Total assets	107,059	111,310
Net assets	64,028	67,644

The loss for the year amounted to \$3,616 thousand (2021: \$10,000 thousand profit) mainly due to impairment on investments expense of \$4,120 thousand (2021: \$8,221 thousand reversal) and no dividend received from subsidiary companies (2021: \$1,800 thousand) offset by interest receivable and general administrative expenses.

Investments decrease by \$4,120 thousand to \$51,075 thousand from \$55,195 thousand in 2021 as a result of impairment on investments expense.

Paladin Resources Limited

Strategic Report (continued)

Review of the Business (continued)

Total net assets decreased due to investment impairment expense and decrease in related party transaction debtors' balance, which was offset by decrease in related party transaction creditors' balance.

Principal Risks and Uncertainties

The Company, as part of the Repsol Group, has procedures and systems that allow it to reasonably manage the risks to which the group is exposed, where risk management is an integral part of decision-making processes.

The Company is exposed to different kinds of financial risk, including:

Market risk

Market risk is the potential loss faced due to adverse movements in market variables.

The Company is exposed to several types of market risks:

- **Currency risk:** Due to the activities of the Company, its exposure to currency risks is low.
- **Interest rate risk:** Due to the activities of the Company, its exposure to interest rate is low.

Liquidity risk

Due to the activities of the Company, its exposure to liquidity risk is low. Paladin Resources Limited is funded via intercompany capital and a short-term intercompany loan.

Credit risk

Credit risk arises from cash and cash equivalents and credit exposures from outstanding receivables. The amounts presented in the statement of financial position are net of an allowance for impairment where there is an identified loss event. Cash balances are held with banks with an appropriate credit rating. There is believed to be insignificant credit risk associated with trade and other receivables.

Section 172(1) Statement

The revised UK Corporate Governance Code ('2018 Code') was published in July 2018 and applies to accounting periods beginning on or after January 1, 2019. The Companies Regulations 2018 require Directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the Company under S172. This includes considering the interest of other stakeholders which will have an impact on the long-term success of the Company.

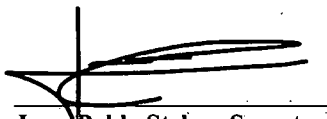
Paladin Resources Limited

Strategic Report (continued)

Section 172(1) Statement (continued)

During the 2021 financial year the Directors have acted, and they continue to act, in good faith to ensure the success of the Company for the benefit of its shareholder, and for the benefit of a wide range of stakeholders. These stakeholders include suppliers, customers and others.

Paladin Resources Limited works to maintain a professional and ethical relationship with all of its customers and also relies on its suppliers to provide quality goods and services in order to maintain the highest standards of operation, safety and reliability in meeting the needs of its customers.


Juan Pablo Stelzer Serrate
Director

13 April 2023

Registered Office

13 Queen's Road
Aberdeen
AB15 4YL
United Kingdom

Paladin Resources Limited

Directors' report for the year ended 31 December 2022

The directors present their annual report together with the audited financial statements of Paladin Resources Limited ("the Company") for the year ended 31 December 2022.

Further information regarding the Company, including important events and its progress during the year, events since the year end and likely future development is contained in the Strategic Report on pages 4 and 6. The information that fulfils the requirements of the Strategic Report (as required the Companies Act 2006), which is incorporated in this Directors' Report by reference, can be found on the following pages of this Annual Report:

Information	Location	Page(-s)
Development and performance during the financial year	Strategic Report	[4-5]
Position at the year-end including analysis and key performance indicators	Strategic Report	[4]
Other performance	Strategic Report	[4]
Principal risks and uncertainties facing the business	Strategic Report	[5]
Section 172(1) Statement	Strategic Report	[5-6]
Explanation of amounts included in the financial statements	Notes to the Financial Statements	[14-30]

Results

The Company had a loss for the financial year 2022 of \$3,616 thousand (2021: \$10,000 thousand profit).

Principal risks and uncertainties

Principal risks and uncertainties are discussed within the Strategic Report on page 5. The Company's operational risks are aligned with those faced by the rest of the Group and are disclosed in the Strategic Report.

Financial Risk

Financial risk management is disclosed within the Strategic Report on page 5.

Paladin Resources Limited

Directors' report for the year ended 31 December 2022 (continued)

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were as follows:

José Carlos de Vicente Bravo

Juan Pablo Stelzer Serrate

Luis Alberto Polo Navas (appointed on 1 March 2023)

Nicolas Foucart Guy (resigned on 1 March 2023 and appointed on 15 September 2022)

Jose Luis Muñoz Vega (resigned on 15 September 2022)

Dividends

The directors do not recommend the payment of a dividend for the year 2022 (2021: Nil).

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

Paladin Resources Limited

Directors' report for the year ended 31 December 2022 (continued)

Statement of directors' responsibilities in respect of the financial statements (continued)

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors 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 also 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.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

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

Independent Auditors

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

Paladin Resources Limited

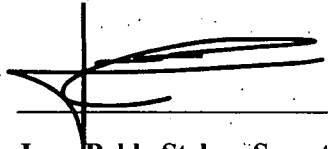
Directors' report for the year ended 31 December 2022 (continued)

Going concern

The financial position of the Company and business activities, together with the factors likely to affect its future development, performance and position, are set out in the strategic report.

At 31 December 2022 the Company had net current assets of \$12,842 thousand. After making enquiries, the directors have formed a judgement at the time of approving the financial statements that the Company has adequate resources to continue in existence for the next 12 months. Accordingly, the Company continues to adopt the going concern basis of accounting in preparing the annual financial statements.

On behalf of the board



Juan Pablo Stelzer Serrate
Director
13 April 2023

Registered Office
13 Queen's Road
Aberdeen
AB15 4YL
United Kingdom

Independent auditors' report to the members of Paladin Resources Limited

Report on the audit of the financial statements

Opinion

In our opinion, Paladin Resources Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 December 2022; the Income statement, Statement of comprehensive income and Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard; and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Independent auditors' report to the directors of Paladin Resources Limited (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inappropriate journal entries. Audit procedures performed by the engagement team included:

Independent auditors' report to the directors of Paladin Resources Limited (continued)

- Enquiries with management including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing relevant meeting minutes, including those of the Board; and
- Identifying and testing journal entries, in particular any journal entries posted by unexpected users, where any such journal entries were identified.

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Jason Clarke (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Cardiff

13 April 2023

Paladin Resources Limited

Income statement for the year ended 31 December 2022

	Note	2022 \$'000	2021 \$'000
Expenses			
Administrative expenses	7	(55)	(80)
Operating loss		(55)	(80)
Interest receivable and similar income	8	831	74
Interest payable and similar expenses	8	(272)	(22)
Dividends received	9	-	1,800
		504	1,772
(Impairment)/ Reversal of impairment on investments	11	(4,120)	8,221
(Loss)/ profit before taxation		(3,616)	9,993
Tax on (loss)/ profit	10	-	7
(Loss)/ profit for the financial year		(3,616)	10,000

The results have been derived wholly from continuing operations.

Statement of comprehensive income for the year ended 31 December 2022

	2022 \$'000	2021 \$'000
(Loss)/ profit for the financial year	(3,616)	10,000
Total comprehensive (expense)/ income for the year	(3,616)	10,000

Paladin Resources Limited

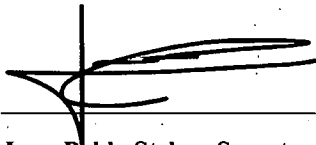
Statement of financial position as at 31 December 2022

	Note	2022 \$'000	2021 \$'000
Assets			
Fixed Assets			
Investments	11	51,075	55,195
Current Assets			
Debtors: amounts falling due within one year	12	55,916	56,102
Cash at bank and in hand		68	13
Total Assets		107,059	111,310
Liabilities			
Current liabilities			
Creditors: amounts falling due within one year	13	43,031	43,666
Total liabilities		43,031	43,666
Net current assets		12,842	12,449
Net assets		64,028	67,644
Capital and reserves			
Called up share capital	14	82,279	82,279
Profit and loss account		(18,251)	(14,635)
Total equity		64,028	67,644

Paladin Resources Limited

Statement of financial position as at 31 December 2022 (continued)

The financial statements on pages 14 to 30 were approved by the board of directors on 13th April 2023 and were signed on its behalf by:

A handwritten signature in black ink, consisting of a vertical line on the left and several horizontal strokes extending to the right, crossing the vertical line.

Juan Pablo Stelzer Serrate
Director
13 April 2023

Registered Office
13 Queen's Road
Aberdeen
AB15 4YL
United Kingdom

Paladin Resources Limited

Statement of changes in equity for the year ended 31 December 2022

	Called up capital \$'000	Profit and loss account \$'000	Total equity \$'000
At 1 January 2021	82,279	(24,635)	57,644
Profit for the financial year	-	10,000	10,000
Total comprehensive income for the year	-	10,000	10,000
At 31 December 2021	82,279	(14,635)	67,644
Profit for the financial year	-	(3,616)	(3,616)
Total comprehensive income for the year	-	(3,616)	(3,616)
At 31 December 2022	82,279	(18,251)	64,028

Paladin Resources Limited

Notes to the Financial Statements for the year ended 31 December 2022

1. General information

Paladin Resources Limited ("the Company") was incorporated 9 March 1994 as the holding company of a group involved in oil and gas exploration, development and production internationally.

The Company is a private limited company incorporated and domiciled in Scotland, United Kingdom. The address of its registered office is 1 Park Row, Leeds, United Kingdom, LS1 5AB.

2. Basis of preparation

The financial statements of Paladin Resources Limited for the year ended 31 December 2022 were authorized for issue by the board of directors 13th April 2023. The Company is a limited company, limited by shares and incorporated and domiciled in England and Wales, United Kingdom.

These non-consolidated financial statements were prepared in accordance with Financial Reporting Standard 101 – *Reduced Disclosure Framework (FRS 101)* and in accordance with the Companies Act 2006. The company has taken advantage of the exemption under s401 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Repsol, S.A. The results of the company are included in the consolidated financial statements of Repsol, S.A. which are available to the public and can be obtained from the addresses disclosed in note 15. The financial statements have been prepared under the historic costs convention.

The company's financial statements are presented in United States Dollar (USD) and all values are rounded to the nearest thousand dollars (\$'000s) except when otherwise indicated.

The Company has applied the following disclosure exemption under FRS 101:

- IFRS 7: Financial Instruments: Disclosures;
- IFRS 13: Fair value measurement in respect of the disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities;
- IAS 7: Statement of Cash Flow;
- IAS 1: Presentation of financial statements in respect of: statement of cash flows including comparatives and statement of compliance with all IFRS;
- IAS 8: the requirements of paragraphs 30 and 31 of IAS 8 Accounting policies, changes in accounting estimates and errors;
- IAS 24 to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- IAS 36: the requirements of paragraphs 130(t)(ii), 130(t)(iii), 134(d)-134(t) and 135(c)-135(e).

Paladin Resources Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

2. Basis of preparation (continued)

Going concern

The financial position of the Company and business activities, together with the factors likely to affect its future development, performance and position, are set out in the strategic report.

At 31 December 2022 the Company had net current assets of \$12,842 thousand. After making enquiries, the directors have formed a judgement at the time of approving the financial statements that the Company has adequate resources to continue in existence for the next 12 months. Accordingly, the Company continues to adopt the going concern basis of accounting in preparing the annual financial statements.

3. Summary of significant accounting policies

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

Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Financial assets and liabilities

Financial Assets

It is the company's policy to initially recognize financial assets at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss which are expensed in the statement of comprehensive income.

Classification and subsequent measurement is dependent on the company's business model for managing the asset and the cashflow characteristics of the asset. On this basis, the company may classify its financial instruments at amortized cost, fair value through statement of comprehensive income and at fair value through other comprehensive income.

All the company's financial assets as at 31 December 2022 satisfy the conditions for classification at amortized cost under IFRS 9.

The Company's financial assets include amounts due from related parties, amounts due from fellow group undertakings, loans receivable and cash at bank. They are included in current assets, except for maturities greater than 12 months after the reporting date.

Paladin Resources Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

3. Summary of significant accounting policies (continued)

Financial assets and liabilities (continued)

Interest income from these assets is included in finance income using the effective interest rate method.

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and the transfer qualifies for derecognition. Gains or losses on derecognition of financial assets are recognized directly in the statement of other comprehensive income and presented in finance income/costs.

Financial Liabilities

Financial liabilities of the Company are classified and measured at fair value on initial recognition and subsequently at amortised cost net of directly attributable transaction costs. The Company's financial liabilities include creditors.

The Company derecognises a financial liability when it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized immediately in the statement of comprehensive income.

Impairment of Financial Assets

Recognition of impairment provisions under IFRS 9 is based on the expected credit loss (ECL) model. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date, about past events, current conditions and forecasts of future economic conditions.

The Company applies the simplified approach or the three-stage general approach to determine impairment of receivables depending on their respective nature. The simplified approach is applied for trade receivables while the general approach is applied to loans receivable, amounts due from related parties and amounts due from fellow group undertakings.

The simplified approach requires expected lifetime losses to be recognized from initial recognition of the receivables. This involves determining the expected loss rates using a provision matrix that is based on the Company's historical default rates observed over the expected life of the receivable and adjusted forward-looking estimates. This is then applied to the gross carrying amount of the receivable to arrive at the loss allowance for the period.

Paladin Resources Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

3. Summary of significant accounting policies (continued)

Financial assets and liabilities (continued)

Under the general approach, expected credit losses are based on the assumption that repayment of the loan is demanded at the reporting date, for loans repayable on demand. If the borrower has sufficient accessible highly liquid assets in order to repay the loan if demanded at the reporting date, the expected credit loss is considered immaterial. If the borrower does not have sufficient accessible highly liquid assets, the ECL is determined by projecting the probability of default (PD), loss given default (LGD) and exposure at default (EAD). For loans not receivable on demand, that are low credit risk at the reporting date, a 12-month expected credit loss is recognized, based on an ECL calculation.

Taxation

Current Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is provided using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax losses and the carry back of ring fence tax losses, to the extent that it is probable that taxable profit will be available against which the temporary differences and the carry forward or carry back of unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future or historic taxable profit will be available to allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax's rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Paladin Resources Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

3. Summary of significant accounting policies (continued)

Taxation (continued)

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and deferred taxes relate to the same taxable entity and the same taxation authority.

Group relief

The company is a member of a group for the purposes of group relief under Part 5 of the Corporation Tax Act 2010. The company accounts for group relief as follows:

- Payment is received for group relief losses surrendered to other group companies;
- Payment is charged for group relief losses claimed from other group companies.

The value of the payment is determined by the amount of corporation tax saved by reason of the group relief being surrendered or claimed.

Provisions and contingent liabilities

In accordance with prevailing accounting standards, the Company makes a distinction between:

- a) Provisions: present obligations, either legal or assumed by the Company, arising from past events, the settlement of which is probable to give rise to an outflow of resources the amount and timing of which are uncertain; and
- b) Contingent liabilities: possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company, or present obligations arising from past events, the amount of which cannot be measured with sufficient reliability or whose cancellation is not likely to give rise to an outflow of resources embodying future economic benefits.

These provisions are recognized when the liability or obligation giving rise to the indemnity or payment arises, to the extent that its amount can be reliably estimated, and it is probable that the commitment will have to be settled.

When a contract qualifies as onerous, the related present liabilities are recognized in the financial statements as provisions.

Paladin Resources Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

3. Summary of significant accounting policies (continued)

Provisions and contingent liabilities (continued)

Contingent liabilities are not recognized as provisions in the financial statements. Notwithstanding the above, whenever it is deemed as non-remote that settlement of such a liability will give rise to an outflow of resources, the existence of these liabilities is disclosed.

Cash and cash equivalents

Liquid financial assets, deposits or financial assets that can be converted into a known amount of cash within three months and that are subject to an insignificant risk of changes in value, are considered equivalent to cash.

Investments

Investments in subsidiaries and joint venture are held at historical cost less any applicable provision for impairment. The investments are tested for impairment whenever events or changes in circumstances indicate that the carrying value of the investment may not be recoverable.

Impairment of assets

The Company assesses investments in subsidiaries and joint venture for impairment whenever changes in circumstances or events indicate that the carrying value may not be recoverable. If such impairment indicators exist, the carrying amount of the investment is compared to its recoverable amount. The recoverable amount is the higher of the investment's fair value less costs of disposal and its value in use. The investment is written down to its recoverable amount when its carrying amount exceeds the recoverable amount. Prior years' impairments are reversed should there be a change in economic conditions from those in existence at the time the impairment was recognized.

Foreign currency translation

The company's financial statements are presented in USD, which is also the company's presentation and functional currency. The exchange rate as at 31 December 2022 was £/\$ 1.2034. Transactions in foreign currencies are recorded at the rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Paladin Resources Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

3. Summary of significant accounting policies (continued)

Critical accounting estimates and judgements

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

Critical accounting estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. The nature of estimation means that actual outcomes could differ from those estimates.

There are no estimates and assumptions that can have a significant risk of causing a material adjustment to these financial statements.

Critical accounting judgements

No critical judgements have been made in applying the entity's accounting policies.

4. Auditors' remuneration

The auditors' remuneration for audit services were \$15,675 (2021: \$16,158).

5. Directors' remuneration

The directors are also directors of other group companies who settle their remuneration. It is not considered possible to apportion directors' remuneration to this subsidiary on the basis of the level of service and accordingly no allocation has been made. The remuneration paid by other group companies has been disclosed in the financial statements of the companies concerned. This is applicable for both 2022 and 2021.

6. Staff numbers and costs

There were no employees of the company during the current or prior year and therefore there were no staff costs in either year. The only employees are the directors where their remuneration paid by other group companies.

Paladin Resources Limited**Notes to the financial statements for the year ended 31 December 2022 (continued)****7. Administrative expenses**

	2022	2021
	\$'000	\$'000
Professional fees	(50)	(79)
Other	(5)	(1)
	(55)	(80)

8. Interest income / (expense)

	2022	2021
	\$'000	\$'000
Interest receivable and similar income	831	74
Interest payable and similar expense	(272)	(22)
	559	52

9. Dividends received

	2022	2021
	\$'000	\$'000
Dividend income received from subsidiaries	-	1,800

Paladin Resources Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

10. Tax on (loss)/profit

	2022 \$'000	2021 \$'000
Current tax		
- UK corporation tax credit for the year	-	7
Total tax for the year	-	7

Factors affecting tax credit for the year:

	2022 \$'000	2021 \$'000
(Loss)/ profit before taxation	(3,616)	9,993
Tax on (loss)/ profit before tax at 19.00% (2021: 19.00%)	687	(1,899)
Adjustment in respect of prior years		
Income not deductible	-	1,905
Expenses not deductible	(783)	
Transfer pricing adjustments	(4)	1
Amounts not recognized	100	
Tax for the year	-	7

In the 2021 Budget, it was announced that the UK Corporation Tax main rate will increase from 19% to 25% from 1 April 2023 on profits over £250,000. The rate for small profits under £50,000 will remain at 19% and there will be relief for businesses with profits under £250,000. Finance Act 2021 was substantively enacted on 24 May 2021 including the rate change to 25% from 1 April 2023. As this rate change had been substantively enacted at the balance sheet date, a rate of tax of 25% has been reflected in the deferred tax workings where applicable.

Paladin Resources Limited**Notes to the financial statements for the year ended 31 December 2022 (continued)****11. Investments**

	2022	2021
	\$'000	\$'000
Cost		
Cost at 1 January	55,505	55,505
Cost at 31 December	55,505	55,505
Amounts provided		
Impairment at 1 January	310	8,531
Impairment Expense / (reversal)	4,120	(8,221)
Impairment at 31 December	4,430	310
Net book value		
At 31 December	51,075	55,195

The impairment expense recognized in 2022 and reversal in 2021 were based on the recoverable amount of the investments. The methodology used by the Company to estimate the recoverable amount is based on net assets value of its subsidiaries.

Paladin Resources Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

11. Investments (continued)

Details of the investments in subsidiaries are as follows:

<u>Name of Company</u>	<u>Country of incorporation</u>	<u>Holding</u>	<u>% Voting rights</u>	<u>Registered address</u>
Repsol Oil & Gas Australia (JDPA 06- 105) Pty Ltd	Australia	Ordinary Shares	100%P	c/ CoSec Consulting Pty Ltd, 58 Gipps Street Collingwood VIC 3066 Australia
Talisman UK (South East Sumatra) Limited	England & Wales	Ordinary shares	100%P	Suite 1, 3 rd Floor 11-12 St. James's Square London, England SW1Y 4LB
Fortuna Resources (Sunda) Limited	British Virgin Islands	Ordinary shares	100%^	Harneys Services PO Box 71 Road Town Tortola Virgin Islands, British
Talisman Resources (North West Java) Limited	England & Wales	Ordinary shares	100%^	Suite 1, 3 rd Floor 11-12 St. James's Square London, England SW1Y 4LB
Talisman Resources (Bahamas) Limited	Bahamas	Ordinary Shares	100%P	The Alexander Corporate Group Limited One Millars Court PO Box N-7117 Nassau Bahamas

P held by Paladin Resources Limited

^ held by Talisman UK (South East Sumatra) Limited

Paladin Resources Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

12. Debtors: amounts falling due within one year

	2022 \$'000	2021 \$'000
Tax receivable	343	336
Recoverable VAT	15	13
Amount due from subsidiary undertaking	55,558	55,753
	55,916	56,102

In 2022 the deposit contract to Repsol Europe Finance, S.A.R.L. was cancelled; On 28 November 2022, the Company entered into a reciprocal credit contract with FEHI Holding S.A.R.L. which will be extended annually on similar terms. The interest rate is of Term SOFR 3-month + 1,06161% with an expiry date of 28 November 2023. Payments from the deposit can be requested on demand notice by the Company.

The expected credit loss percentage for amounts owed by Group undertakings is almost zero.

13. Creditors: amounts falling due within one year

	2022 \$'000	2021 \$'000
Amount due to subsidiary undertakings	27,013	27,892
Amount due to fellow group undertakings	15,984	15,712
Accounts payable	27	63
Other debts with the Public Administrations	7	(1)
	43,031	43,666

As at year end 31 December 2022 and 2021 the amounts owed to Group subsidiary undertakings are unsecured, interest free and repayable on demand.

Amounts due to fellow group undertaking relates to loan agreements with Talisman Resources (Bahamas) Limited and Talisman UK (South East Sumatra) Limited signed in 2016 which have been extended annually on similar terms. Both loan agreements were extended on December 2022 with a change in the interest rate to LIBOR 3M -0.06% with an expiry date December 2023. The company intends to extend the contract at its expiry date on similar terms.

Paladin Resources Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

14. Called up Share capital

	Ordinary shares No.	Share capital \$'000
Authorised, allotted, issued and fully paid:		
At 1 January 2021	5,827,278,356	82,279
Issued during the year	-	-
At 31 December 2021	5,827,278,356	82,279
Issued during the year	-	-
At 31 December 2022	5,827,278,356	82,279

On 31 December 2022 and 2021, there were 5,827,278,356 ordinary shares of £0.01 each outstanding.

15. Ultimate parent company

The company's immediate parent undertaking is FEHI Holding S.A.R.L., a company registered in Luxemburg. The company's ultimate parent undertaking is Repsol, S.A., an integrated group of oil and gas companies headquartered in Madrid, Spain.

The parent undertaking of the smallest and largest group of which the company is a member and for which group financial statements are prepared is Repsol, S.A., respectively.

The consolidated financial statements of Repsol, S.A. are available to the public and may be obtained from C/ Méndez Álvaro, 44 28045 Madrid, Spain.

16. Events after the reporting year

In September 2022 Repsol, S.A. signed a binding agreement with Breakwater Energy Holdings S.Á R.L. for the sale of a 25% stake in Repsol's hydrocarbon Upstream business, which includes the stake in Talisman Colombia Holdco Limited. The transaction was completed on 2 of March 2023.

In February 2023, the company received a Letter of Demand from Shell Australia pursuant to a Sale and Purchase Agreement dated 11 March 2005, claiming \$AUD 42,263 thousand from Paladin Resources Limited and another third party. At this moment, the company does not have sufficient information to assess the potential impacts of this demand.

Changes in the board of directors

As of 1 March 2023, Nicolas Foucart resigned as a director of the company and was replaced by Luis Alberto Polo Navas.