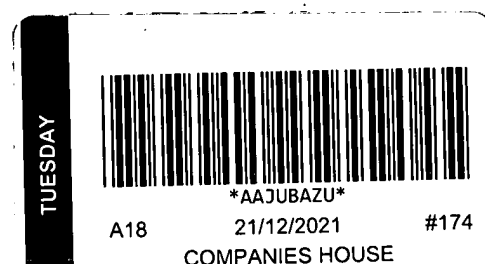


Annual Report and Financial Statements EUROPA OIL & GAS (NEW VENTURES) LIMITED

**For the Year Ended 31 July 2021
Company registration number 07259142**



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Directors and advisers

Directors

S Oddie
B O'Cathain (appointed 22 October 2020)
P Greenhalgh (resigned 14 October 2020)

Secretary

M Johnson (appointed 15 October 2020)
P Greenhalgh (resigned 14 October 2020)

Registered office

55 Baker Street
London
W1U 7EU

Bankers

Royal Bank of Scotland plc
1 Albyn Place
Aberdeen
AB10 1BR

Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

Solicitors

Charles Russell Speechlys LLP
5 Fleet Place
London
EC4M 7RD

Company's registered number

07259142

Directors' report

The directors present their report and the unaudited financial statements for the year to 31 July 2021.

Principal activities

The principal activity of the company is to hold the Moroccan Inezgane licence and to explore potential further exploration licences.

Results for the year and dividends

The loss for the year after taxation was £29,273 (2020: £70,629). The directors do not recommend the payment of a dividend (2020: £nil).

Directors and their interests

The directors who served during the year were S Oddie, B O'Cathain (appointed 22 October 2020) and P Greenhalgh (resigned 14 October 2020).

None of the directors had an interest in the share capital of the Company during the period. The interest of each of the directors in the share capital of Europa Oil & Gas (Holdings) plc, the ultimate parent undertaking, is disclosed in the accounts of that company.

Disclosure of information to the auditors

In the case of each person who was a director at the time this report was approved:

- so far as that director was aware there was no relevant available information of which the Company's auditors were unaware; and
- that director had taken all steps that the director ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors were aware of that information.

Auditors

In accordance with the Companies Act 2006, a resolution for the re-appointment of BDO LLP as auditors of the Company will be proposed at the next Annual General Meeting.

This report has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime within Part 15 of the Companies Act 2006.

The Company, due to its size, has taken advantage of the exemption not to present a Strategic Report in accordance with section 414B of the Companies Act 2006.

Approved by the Board of directors and signed on behalf of the Board on 16/12/2021



S Oddie
Director

Statement of directors' responsibilities

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 chosen to prepare the Company financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. 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 the year. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 requirements of 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.

Report of the independent auditors

Independent Auditor's Report to members of Europa Oil & Gas (New Ventures) Limited

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 July 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Europa Oil & Gas (New Ventures) Limited ("the Company") for the year ended 31 July 2021 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 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 United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' 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. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Europa Oil & Gas (New Ventures) Limited

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 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 prepare the financial statements in accordance with the small companies regime and 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' report, 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:

Europa Oil & Gas (New Ventures) Limited

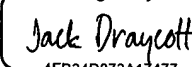
- We held discussions with management and the Board to consider any known or suspected instances of non-compliance with laws and regulations or fraud identified by them;
- Considering the significant laws and regulations of the UK to be those relating to the industry, financial reporting framework, tax legislation and the listing rules;
- Assessing the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur;
- Testing the appropriateness of journal entries made through the year by applying specific criteria to detect possible irregularities and fraud;
- We reviewed estimates and judgements applied by Management in the financial statements to assess their appropriateness and the existence of any systematic bias; and
- We reviewed unadjusted audit differences for indications of bias or deliberate misstatement.

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 is available on the Financial Reporting Council's website at: <https://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.

DocuSigned by:

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Jack Draycott (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London, UK

16 December 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of comprehensive income

For the year ended 31 July

		2021	2020
	Note	£	£
Administrative expense		(13,746)	(63,153)
Finance income	4	3,288	-
Finance expense	5	(18,815)	(7,476)
Loss before taxation	3	(29,273)	(70,629)
Taxation	6	-	-
Total comprehensive loss for the year		(29,273)	(70,629)

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

Statement of financial position

As at 31 July

	Note	2021 £	2020 £
Assets			
Non-current assets			
Intangible assets	7	<u>660,672</u>	<u>302,183</u>
Total non-current assets		<u>660,672</u>	<u>302,183</u>
Current assets			
Restricted cash	8	<u>229,731</u>	<u>245,259</u>
Total current assets		<u>229,731</u>	<u>245,259</u>
Total assets		<u>890,403</u>	<u>547,442</u>
Liabilities			
Total current liabilities		<u>-</u>	<u>-</u>
Non-current liabilities			
Long term borrowing	9	<u>(1,092,616)</u>	<u>(720,382)</u>
Total non-current liabilities		<u>(1,092,616)</u>	<u>(720,382)</u>
Total liabilities		<u>(1,092,616)</u>	<u>(720,382)</u>
Net liabilities		<u>(202,213)</u>	<u>(172,940)</u>
Capital and reserves attributable to equity holders of the company			
Share capital	10	100	100
Retained deficit		<u>(202,313)</u>	<u>(173,040)</u>
Total equity		<u>(202,213)</u>	<u>(172,940)</u>

These financial statements were approved by the Board of directors on and signed on its behalf by:

S. Oddie

S Oddie
Director

Company registration number 07259142

16/12/2021

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

Statement of changes in equity

	Share capital £	Retained deficit £	Total equity £
Balance at 1 August 2019	100	(102,411)	(102,311)
Total comprehensive loss for the year	-	(70,629)	(70,629)
Balance at 31 July 2020	<u>100</u>	<u>(173,040)</u>	<u>(172,940)</u>

	Share capital £	Retained deficit £	Total equity £
Balance at 1 August 2020	100	(173,040)	(172,940)
Total comprehensive loss for the year	-	(29,273)	(29,273)
Balance at 31 July 2021	<u>100</u>	<u>(202,313)</u>	<u>(202,213)</u>

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

Statement of cash flows

For the year ended 31 July

	2021 £	2020 £
Cash flows from operating activities		
Loss from operations	(29,273)	(70,629)
Adjustments for:		
Finance income	(3,288)	-
Finance expense	18,815	7,476
Decrease/(increase) in trade and other receivables	-	115
(Decrease)/increase in trade and other payables	-	(3,642)
Increase in loan from Group companies	10,458	66,680
Net cash used in operating activities	(3,288)	-
Cash flows from investing activities		
Purchase of intangible assets	(357,489)	(302,183)
Net cash from financing activities	(358,489)	(302,183)
Cash flows from financing activities		
Increase in loan from Group companies	358,489	302,183
Interest received	3,288	-
-Increase in restricted cash	-	-
Net cash from financing activities	3,288	302,183
Net increase in cash	-	-
Cash at beginning of year	-	-
Cash at end of year	-	-

There were no cash flows during the prior year.

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

Notes to the financial statements

1

Accounting Policies

General information

Europa Oil & Gas (New Ventures) Limited is a company incorporated and domiciled in England and Wales with registered number 7259142. The address of the registered office is 55 Baker Street, London, W1U 7EU.

The nature of the Company's operations and its principal activities are set out in the Directors' report.

The functional and presentational currency of the Company is Sterling (UK£).

Basis of accounting

The financial statements have been prepared in accordance with applicable international accounting standards in conformity with the requirements of the Companies Act 2006.

The accounting policies that have been applied in the opening balance sheet have also been applied throughout all periods presented in these financial statements. These accounting policies comply with each IFRS that is mandatory for accounting periods ending on 31 July 2021.

Going Concern

Forecasts have been prepared for the Company which show that the Company is dependent on the Parent Company providing further financial support and in not calling in the intercompany loan. The Parent Company has provided a letter of support. As stated in the financial statements of the Parent Company, the Directors have prepared a cash flow forecast for the period ending 31 December 2022, which considers the continuing and forecast cash inflow from the Group's producing assets, the cash held by the Group and Parent Company at September 2021, less administrative expenses and planned capital expenditure. The impact of Covid on the Group and Parent Company has been limited to date but its future impact has also been considered in making this assessment.

The Directors, who are also the Directors of the Parent Company, have concluded, at the time of approving these financial statements, that there is a reasonable expectation, based on the Group's cash flow forecasts, that the forecasts are achievable and accordingly that the Parent Company will be able to provide further financial support and in not calling in the intercompany loan. Thus these financial statements have been prepared on a going concern basis.

Basis of preparation

The Company results have been included in the consolidated group accounts of its ultimate parent company, Europa Oil & Gas (Holdings) plc, which are publicly available.

Non-current assets

Oil and gas interests

The financial statements with regard to oil and gas exploration and appraisal expenditure have been prepared under the full cost basis. This accords with IFRS 6 which permits the continued application of a previously adopted accounting policy.

Pre-production assets

Pre-production assets are classified as intangible assets on the statement of financial position. Pre-licence expenditure is expensed as directed by IFRS 6. Expenditure on licence acquisition costs, geological and geophysical costs, costs of drilling exploration, appraisal and development wells, and an appropriate share of overheads (including directors' costs) are capitalised and accumulated in cost pools on a geographical basis. These costs which relate to the exploration, appraisal and development of oil and gas interests are initially held as intangible non-current assets pending determination of commercial viability. On commencement of production these costs are tested for impairment prior to transfer to production assets.

Taxation

Current tax is the tax payable based on taxable profit/(loss) for the year.

Foreign currency

The Company prepares its financial statements in Sterling.

Transactions denominated in foreign currencies are translated at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the reporting date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of transaction. Non-monetary items that are measured at fair

Europa Oil & Gas (New Ventures) Limited

value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

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

Exchange differences on non-monetary items are recognised in the Statement of Changes in Equity to the extent that they relate to a gain or loss on that non-monetary item taken to the Statement of Changes in Equity, otherwise such gains and losses are recognised in the statement of comprehensive income.

Europa Oil and Gas (New Ventures) Limited is domiciled in the UK, which is its primary economic environment and the Company's functional currency is Sterling.

The Company has taken advantage of the exemption in IFRS 1 and has deemed cumulative translation differences for all foreign operations to be nil at the date of transition to IFRS. The gain or loss on disposal of these operations excludes translation differences that arose before the date of transition to IFRS and includes later translation differences.

Financial instruments

The Company classifies its financial assets and liabilities into categories based on the purpose for which the asset or liability was acquired. The accounting policy for each category is as follows:

Cash and cash equivalents

Restricted cash are those amounts held by third parties on behalf of the Group and are not available for the Company's use; these are accounted for separately from cash and cash equivalents.

Other financial liabilities

Includes amounts owed to Group companies, trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Critical accounting judgements and key sources of estimation uncertainty

There were no significant accounting judgements and critical accounting estimates in the year.

2 Operating segment analysis

In the opinion of the directors the Company has one class of business, being oil and gas exploration appraisal and production, and one reportable segment being Morocco.

3 Loss from operations

Auditor remuneration is borne by a fellow Group undertaking. The only employees of the company during the period were H Mackay, P Greenhalgh and S Oddie, all directors, who received no remuneration from the Company. The directors were remunerated through another Group company, and it is not possible to apportion the cost of this remuneration relevant to services rendered to Europa Oil & Gas (New Ventures) Limited.

4 Finance income

	2021	2020
	£	£
Interest received	3,288	-
	<u>3,288</u>	<u>-</u>

5 Finance expense

	2021	2020
	£	£
Foreign exchange loss	18,815	7,476
	<u>18,815</u>	<u>7,476</u>

6 Taxation

	2021	2020
	£	£
Current tax credit	-	-
	<u>-</u>	<u>-</u>

UK corporation tax for small companies is calculated at 19% of the estimated (loss)/profit for the year.

	2021	2020
	£	£
Loss before tax	<u>29,273</u>	<u>70,629</u>
Tax reconciliation		
Loss multiplied by the standard rate of corporation tax in the UK 19% (2019: 19%)	5,562	13,420
Expenses not deductible	(3,180)	(11,999)
Deferred tax asset not recognised	<u>(2,382)</u>	<u>(1,421)</u>
Tax credit	<u>-</u>	<u>-</u>

The Company has an unprovided deferred tax asset of £24,058, (2020: £20,878) which arises in relation to trading losses of £126,621 (2020: £109,886), that has not been recognised in the accounts as the timing of the utilisation of the losses is considered uncertain.

7 Intangible assets

	2021	2020
	£	£
At 1 August	302,183	-
Additions	358,489	302,183
Total intangible assets	<u>660,672</u>	<u>302,183</u>

Intangible assets all comprise the company's pre-production expenditure on the Moroccan Inezgane licence.

8 Restricted cash

	2021	2020
	£	£
Cash guarantee	<u>229,731</u>	<u>245,259</u>
	<u>229,731</u>	<u>245,259</u>

As part of the final phase of discussions with the National Office of Hydrocarbons and Mines ('ONHYM'), in respect of securing a petroleum agreement in Morocco, a guarantee was set up for US\$315,000. This is treated as restricted cash.

9 Long-term borrowing

	2021	2020
	£	£
Amounts due to Group companies	<u>1,092,616</u>	<u>720,382</u>
Total long term borrowing	<u>1,092,616</u>	<u>720,382</u>

Loans from Group companies are interest free and are repayable on demand but currently have no planned repayment date.

10 Share capital

	2021	2020
	£	£
Allotted, called up and fully paid		
10,000 ordinary shares of 1p each	<u>100</u>	<u>100</u>

All the authorised and allotted shares are of the same class and rank pari passu.

The following describes the purpose of each reserve within owners' equity:

Reserve	Description and purpose
Retained deficit	Cumulative net losses recognised in the income statement.

11 Financial instruments

The Company's financial instruments comprise amounts owed to Group companies and trade payables which arise directly from its operations. The Company's activities are subject to a range of financial risks the main ones being liquidity, and capital management. These risks are managed through ongoing review taking into account the operational, business and economic circumstances at that time.

Liquidity risk

The Company monitors its levels of working capital to ensure it can meet liabilities as they fall due. The following tables show the contractual maturities of the Company's financial liabilities, all of which are measured at amortised cost.

	2021	2020
	£	£
Long term borrowing		
2-5 years	<u>1,092,616</u>	<u>720,382</u>
Total	<u>1,092,616</u>	<u>720,382</u>

Trade and other payables do not normally incur interest charges.

Capital risk management

The Company's capital is closely monitored by the directors in the light of the capital needs of the Europa Oil & Gas (Holdings) plc Group as a whole. Further details are disclosed in the Group Annual Report and Accounts which are publicly available.

12 Commitments

The outstanding work commitment on Inezgane offshore licence for 2021 totals £400,000 and relates to finding the original seismic acquisition tapes, sorting through them for quality, nav-merging the location with the trace recordings, and reprocessing the seismic volume to get best quality visual based in time and then converting the volume to a pre stack depth migrated (PSDM) state reprocessed data pack. A payment is made to NAMR for training local personnel, usually technical individuals.

13 Related party transactions

The Company received services to the value of £24,908 from its ultimate parent Europa Oil & Gas (Holdings) plc (2020: £57,225). In 2021 Europa Oil & Gas (Holdings) plc provided no funding (2020: nil).

At the end of the period the Company owed the following unsecured amounts to related parties:

At 31 July	2021	2020
	£	£
Europa Oil & Gas (Holdings) plc	762,544	504,914
Europa Oil & Gas Ltd	330,072	215,468
Total owed to Group companies	<u>1,092,616</u>	<u>720,382</u>

14 Post reporting date events

The Inezgane licence farmout was officially announced on 3rd August 2021.

15 Ultimate parent undertaking

The parent company and ultimate controlling company is Europa Oil & Gas (Holdings) plc, a company registered in England and Wales, the accounts of which are available from 55 Baker Street, London, W1U 7EU.