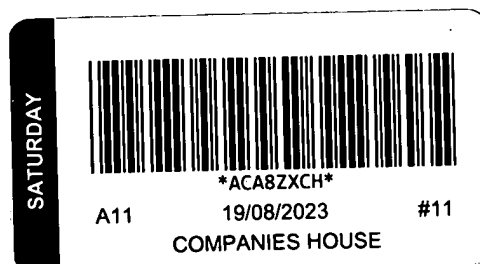


Company Registration No. 01789505 (England and Wales)

PERENCO OIL AND GAS COLOMBIA LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022



PERENCO OIL AND GAS COLOMBIA LIMITED

COMPANY INFORMATION

Directors

A Eager
J B Parr
E M P Colombel

Company Secretary

A Eager

Company number

01789505

Registered office

8 Hanover Square
London
W1S 1HQ
England

Independent Auditor

Deloitte LLP
Statutory Auditor
London, UK

PERENCO OIL AND GAS COLOMBIA LIMITED

CONTENTS

	Page
Strategic report	1 - 3
Directors' report	4 - 5
Directors' responsibilities statement	6
Independent auditor's report	7 - 10
Income statement	11
Statement of financial position	12 - 13
Statement of changes in equity	14
Statement of Cash flows	15
Notes to the financial statements	16 - 41

PERENCO OIL AND GAS COLOMBIA LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report and financial statements for the year ended 31 December 2022.

Perenco Oil and Gas Colombia Limited, "the Company", is a private company limited by shares, incorporated and domiciled in the United Kingdom and registered in England and Wales subject to the Companies Act 2006.

Principal activity

The principal activity of the Company continued to be that of holding interests in and operating fields with oil and gas exploration, development and production activities.

Review of the business

Revenue for the year of \$94,862k (2021: \$67,008k) was derived from production from fields including Boqueron, Trinidad, Canada Norte, Tiple, Merecure, La Cuerva and Yamu. The increase in revenue is mostly attributed to a significant increase in oil price.

The rise in oil price resulted in an increase of the gross profit margin to 42% in 2022 (2021: 35%).

The profit after tax for the year ended 31 December 2022 amounted to \$27,673k (2021: loss of \$11,589k). The profit for the year is mostly due to the increase in oil price, which subsequently led to an increase in revenue.

The Company's overall equity at the end of the year has increase to \$94,606k as at 31 December 2022 from \$66,933k as at 31 December 2021.

Key performance indicators

The key performance indicators for the Company are revenue, gross profit margin and profit after tax. Directors use these measures to evaluate operating performance and make financial and strategic decisions to ensure return of value to shareholders. The KPIs achieved during the 2022 are included in the business review section above.

PERENCO OIL AND GAS COLOMBIA LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Section 172 statement

The directors have a duty to promote success of the Company for the benefit of stakeholders as a whole and remain conscious of the impact their decisions have on employees, communities, suppliers, customers and the environment.

Section 172 requires directors to have regard to the following in the performing their duties, and as part of the process are required to consider, where relevant:

- (a) the likely consequences of any decision in the long term,
- (b) the interests of the company's employees,
- (c) the need to foster the company's business relationships with suppliers, customers and others,
- (d) the impact of the company's operations on the community and the environment,
- (e) the desirability of the company maintaining a reputation for high standards of business conduct, and
- (f) the need to act fairly as between members of the company.

To support directors in the discharge of their duties and whilst making a decision on behalf of the Company, the directors have access to regular performance reports, which include financial operational updates to identify matters which may have an impact on the proposed decision including, where relevant, section 172 factors as outlined above.

The directors with the management team review the progress against strategic priorities. This collaborative approach helps to promote the long-term success of the Company. The directors assess different areas of the business so that the Company is well prepared for the future challenges. Ultimately the directors decisions are taken based on what they considers to be in the best interest of the long-term financial success of the Company's stakeholders, including shareholders, employees, the community and environment, our suppliers and customers. The directors focus on engagement with all stakeholders and consider stakeholders views when making decisions.

The directors aim to balance the needs of various stakeholders when setting and delivering the company's strategy, having regard to long term value creation, including maximising long term shareholder value.

The Company works to attract, develop and retain the world's best talent, equipped with the right skills for the future. Our people have a crucial role in delivering our strategy and creating value. We trust people we hire and let them express their talent in a wide range of domains.

The Company aims to help local communities to grow their domestic energy supplies and boost energy security. This in turn helps create jobs and generates revenues for governments. The Company aim to maintain dialogue with governments and engage in policy debates that are of concern to us and the communities in which we operate. The Company paid income tax and production tax (royalty) for a total of \$16,447k in the year (2021: \$11,325k).

The Company depends on the capability and performance of our suppliers, contractors and other partners, such as small businesses, industry peers, to help deliver the products and services we need for our operations.

The Company consults with local people to gain valuable perspectives on the ways in which our activities could impact the local community or environment. We typically engage well before any physical work begins on a project and continue the conversation throughout a project's lifespan.

The directors with management team regularly review and monitors safety, reliability and environmental performance, with the aim of continually making the Company safer for our entire workforce and minimising our environmental impact. It also focuses on maintaining financial discipline and delivering positive results, cash flow and returns to shareholders.

Safety will always be one of our core values. This is important to our workforce, local communities and the environment, while securing strong operational availability and reliability is crucial to our partners, suppliers and customers.

PERENCO OIL AND GAS COLOMBIA LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Our workforce help us maintain our strong reputation for high standards of business conduct which is fundamental in delivering our purposes.

The directors will continue to assess and monitor culture and will look to obtain useful insight through effective dialogue with our key stakeholders and taking feedback into account in the board's decision-making process.

Future developments

The Company will continue to hold interests and operate fields with oil and gas exploration, development and production activities in Colombia, as well as to sell and commercialise crude oil.

Principal risks and uncertainties

The Company's operations expose it to a variety of financial risks that include credit risk, foreign currency risks, oil and gas price risk and liquidity risk. The Company is not exposed to material interest rate risk (Note 25).

Credit risk

The Company's principal financial assets are cash and cash equivalents and intercompany receivables, which are classified as financial assets measured at amortised cost. The Company estimates, on a forward-looking basis, the loss allowance on financial assets measured at amortised cost using an expected credit loss approach at each balance sheet date. Expected credit losses are measured based on the maximum contractual period over which the Company is exposed to credit risk. The cash and cash equivalents are subject to insignificant risk of changes in value because counterparties are financial institutions with high credit ratings assigned by international credit-rating agencies and generally have a maturity of three or less month. The credit risk on intercompany receivables is monitored by the Company's parent and are the balances are considered to be not credit-impaired at 31 December 2022.

Foreign currency risk

The Company's activities expose it to the financial risks of changes in foreign currency exchange rates. The Company considers that movements in foreign exchange are a regular part of its business environment. The Company accepts this foreign exchange risk and does not use foreign currency derivative instruments to mitigate these risks.

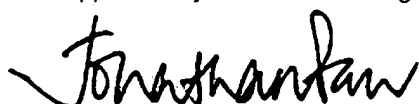
Oil and gas price risk

The most significant financial risk to which the Company is exposed are movements in oil and gas prices. The Company considers that volatility in gas prices is a regular part of its business environment. The Company does not systematically hedge through financial instruments to mitigate these risks.

Liquidity risk

The Company manages liquidity risk by maintaining adequate cash reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial debts and liabilities.

Approved by the Board and signed on their behalf by



J B Parr

Director

14 August 2023

PERENCO OIL AND GAS COLOMBIA LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and audited financial statements for the year ended 31 December 2022.

Results and dividends

The results for the year are set out on page 11.

During the period a dividend of \$ nil (2021: \$12,000k) was paid to Perenco Colombia Ltd, the immediate parent company of Perenco Oil and Gas Colombia Limited.

No dividend has been proposed by the directors of the Company for 2022.

Directors

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

A Eager
J B Parr
E M P Colombel

Directors' indemnities

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the reporting date.

Political donations

The Company has made no political donations in the current or preceding year.

Subsequent events

There are no significant subsequent events that have occurred after 31 December 2022.

Future developments

The Company will continue to hold interests and operate fields with oil and gas exploration, development and production activities in Colombia, as well as to sell and commercialise crude oil.

PERENCO OIL AND GAS COLOMBIA LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Going concern

The Company's business activities, key financial, foreign currency and credit risks, performance and position are set out in the strategic report. The financial position of the Company is set out in the financial statements and related notes.

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

The Company has received confirmation from its ultimate parent company, Perenco International Limited (Lyford Manor, Lyford Cay, West Bay Street Po Box N10 051 Nassau, Bahamas), that if need be, Perenco International Limited will provide finance to the company, for a period of at least 12 months from the date of these financial statements.

In making their assessment of going concern, the directors have considered the letter of support from Perenco International Limited. The directors, having assessed the responses of the directors of Perenco International Limited to their enquiries, have no reason to believe that Perenco International Limited will not be able to continue as a going concern or honour its commitments in accordance with the letter of support. On the basis of their assessment of the Company's financial position with net assets of \$94,606k and the support from Perenco International Limited, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing the annual report and financial statements.

Auditor

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Statement of disclosure to auditor

Each director in office at the date of approval of this annual report confirms that:

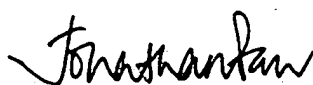
- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Financial risks

The financial risks to the Company and how these are mitigated are explained in the Strategic Report on page 2 and form part of this report by way of cross-reference.

Approved by the Board and signed on their behalf by



J B Parr

Director

14 August 2023

PERENCO OIL AND GAS COLOMBIA LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

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 elected to prepare the financial statements in accordance with United Kingdom adopted international accounting standards, in conformity with the requirement 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 IFRSs 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 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.

PERENCO OIL AND GAS COLOMBIA LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PERENCO OIL AND GAS COLOMBIA LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Perenco Oil and Gas Colombia Limited (the 'Company'):

- 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 United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 34.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards and IFRSs as issued by the IASB.

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 in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the 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.

PERENCO OIL AND GAS COLOMBIA LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PERENCO OIL AND GAS COLOMBIA LIMITED

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

We have nothing to report in this regard.

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.

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 auditor's report.

Extent to which the audit was considered 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 considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation and environmental legislation and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included health and safety regulations.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

PERENCO OIL AND GAS COLOMBIA LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PERENCO OIL AND GAS COLOMBIA LIMITED

As a result of performing the above, we identified a significant audit risk that revenue could be materially misstated, due to potential fraud, in the event that the transactions were recorded in the incorrect period or were not complete. In order to address these risks, we obtained an understanding of the revenue process, assessed the design and implementation of management's key internal controls over revenue, performed substantive audit procedures to test 100% of oil revenue transactions recorded. The substantive procedures performed included agreeing recorded sales transactions to supporting documents i.e., pricing contracts, proof of delivery, and bank statements and tracing proof of delivery to sales invoices and recorded journals.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

PERENCO OIL AND GAS COLOMBIA LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PERENCO OIL AND GAS COLOMBIA LIMITED

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.



14 August 2023

Lindsey Mehrer, MA ACA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, UK

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PERENCO OIL AND GAS COLOMBIA LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 \$'000	2021 \$'000
Revenue	5	94,862	67,008
Cost of sales			
Production and operating costs		(41,858)	(30,146)
Depreciation, depletion and amortisation	14	(13,561)	(13,089)
Gross profit		39,443	23,773
Administrative expenses	10	(1,973)	(10,555)
Operating profit	6	37,470	13,218
Investment revenues	9	6,857	6,374
Finance costs	11	(188)	(6,867)
Other losses	12	(2,690)	(6,556)
Profit before taxation		41,449	6,169
Income tax expense	13	(13,776)	(17,758)
Profit/(loss) for the year		27,673	(11,589)

The income statement has been prepared on the basis that all operations are continuing operations. There were no income or expenses in the periods presented other than disclosed above. Accordingly, no separate statement of comprehensive income has been prepared.

PERENCO OIL AND GAS COLOMBIA LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Notes	2022 \$'000	2021 \$'000
Non-current assets			
Property, plant and equipment	14	31,548	38,644
Investments	15	24,376	25,333
Other receivables	17	7,128	6,946
		<u>63,052</u>	<u>70,923</u>
Current assets			
Inventories	16	10,086	8,986
Trade and other receivables	18	63,758	36,063
Cash and cash equivalents		4,661	9,050
Marketable securities	19	2,440	2,455
		<u>80,945</u>	<u>56,554</u>
Total assets		<u>143,997</u>	<u>127,477</u>
Current liabilities			
Trade and other payables	26	18,361	30,324
Current tax liabilities		10,129	7,439
Decommissioning provision	29	4,115	-
		<u>32,605</u>	<u>37,763</u>
Net current assets		<u>48,340</u>	<u>18,791</u>
Non-current liabilities			
Decommissioning provision	29	6,768	11,726
Deferred tax liabilities	27	459	2,009
Long-term provisions	28	9,559	9,046
		<u>16,786</u>	<u>22,781</u>
Total liabilities		<u>49,391</u>	<u>60,544</u>
Net assets		<u>94,606</u>	<u>66,933</u>
Equity			
Other reserves		65,157	65,157
Retained earnings		29,449	1,776
Total equity		<u>94,606</u>	<u>66,933</u>

PERENCO OIL AND GAS COLOMBIA LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2022

The financial statements were approved by the Board of directors and authorised for issue on 14 August 2023

Signed on its behalf by:



J B Parr

Director

Company Registration No. 01789505

PERENCO OIL AND GAS COLOMBIA LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Capital contribution \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 January 2021		65,157	25,365	90,522
		<u> </u>	<u> </u>	<u> </u>
Loss for the year		-	(11,589)	(11,589)
		<u> </u>	<u> </u>	<u> </u>
Total comprehensive expense for the year		-	(11,589)	(11,589)
Dividends paid		-	(12,000)	(12,000)
		<u> </u>	<u> </u>	<u> </u>
Balance at 31 December 2021		65,157	1,776	66,933
		<u> </u>	<u> </u>	<u> </u>
Profit for the year		-	27,673	27,673
		<u> </u>	<u> </u>	<u> </u>
Total comprehensive income for the year		-	27,673	27,673
		<u> </u>	<u> </u>	<u> </u>
Balance at 31 December 2022		65,157	29,449	94,606
		<u> </u>	<u> </u>	<u> </u>

PERENCO OIL AND GAS COLOMBIA LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 \$'000	2021 \$'000
Cash generated from operations	32	22,490	30,489
Net cash inflow from operating activities		<u>22,490</u>	<u>30,489</u>
Investing activities			
Purchase of property, plant and equipment	14	(7,575)	(5,411)
Net acquisition of marketable securities and liquid investments		15	486
Release from decommissioning fund		65	1,156
Proceeds on disposal of fixed asset		16	-
Interest received		866	132
Increase in cash pool with related parties		(26,010)	(12,394)
Dividends received	9	5,744	6,242
Net cash used in investing activities		<u>(26,879)</u>	<u>(9,789)</u>
Financing activities			
Interest paid		-	(6,660)
Dividends paid to immediate parent company		-	(12,000)
Net cash used in financing activities		<u>-</u>	<u>(18,660)</u>
Net (decrease)/increase in cash and cash equivalents		<u>(4,389)</u>	<u>2,040</u>
Cash and cash equivalents at beginning of year		9,050	7,010
Cash and cash equivalents at end of year		<u>4,661</u>	<u>9,050</u>

PERENCO OIL AND GAS COLOMBIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 General information

Perenco Oil and Gas Colombia Limited ("the Company") is a company limited by shares and registered in England and Wales under the Companies Act 2006. The address of the registered office is: 8 Hanover Square, London, W1S 1HQ, England. The nature of the Company's operations and its principal activities are set out in the Strategic report on pages 1 - 3.

2 Accounting policies

2.1 Accounting convention

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

The financial statements have been prepared on the historical cost basis modified to include certain items at fair value.

The principal accounting policies adopted are set out below.

2.2 Going concern

The directors consider that the financial resources available to Company are adequate to meet its operational needs for the foreseeable future. The Company has received a support letter from its ultimate parent company, Perenco International Limited (Lyford Manor, Lyford Cay, West Bay Street Po Box N10 051 Nassau, Bahamas), and in case needed, Perenco International Limited will provide financial support to the company for a period of at least 12 months as of the reporting date. The Company's balance sheet position remains strong, with the net assets of \$94,606k. Consequently, the going concern basis has been adopted in preparing the financial statements. The details of the going concern assessment performed are discussed in the Director's report on page 5.

PERENCO OIL AND GAS COLOMBIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

2 Accounting policies

(Continued)

2.3 Revenue

Revenue from contracts with customers is recognised when or as the Company satisfies a performance obligation by transferring control of a promised good or service to a customer, natural gas, natural gas liquids and other items usually coincides with title passing to the customer and the customer taking physical possession i.e. when the oil has been lifted and/or delivered through pipelines or the gas or other items has been delivered. Typically, at this point in time, the performance obligations of the Company are fully satisfied.

When, or as, a performance obligation is satisfied, the Company recognises as revenue the amount of the transaction price that is allocated to that performance obligation. The transaction price is the amount of consideration to which the Company expects to be entitled. The transaction price is allocated to the performance obligations in the contract based on standalone selling prices of the goods or services, exclusive of related sales' taxes.

The Company's sales of crude oil are priced based on the consideration specified in contracts with customers with reference to quoted market prices in active markets, adjusted for a quality differential based on gravity of the crude oil sold relative to Ice Brent. Invoices are typically paid on 15 days terms.

Revenue from the sales of services and the rental of certain assets owned by the Company are recognised in the period during which the services are rendered and the performance obligations are fully satisfied.

Interest income is recognised as the interest accrues using the effective interest method (applying the rate that exactly discounts estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset).

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

2.4 Property, plant and equipment

The Company uses the full cost method of accounting for exploration, evaluation, development and production expenditure in relation to oil and gas assets, having regard to the requirements of IFRS 6 *'Exploration for and Evaluation of Mineral Resources'*. These costs are capitalised in separate geographical costs pools ("full cost pools") having regard to the operational structure of the Company.

Tangible assets used in E&E activities are classified as property, plant and equipment.

Intangible E&E assets are not depreciated and are carried forward until the existence (or otherwise) of proved reserves has been determined. If proved reserves have been discovered, the relevant E&E assets are then reclassified as development and production assets within property, plant and equipment and depreciated using the method described below. Intangible E&E assets that are determined not to have resulted in the discovery of proved reserves and cannot be associated with an established full cost pool are written off at the date of determination, whereas those that are associated with an established pool are carried forward and amortised over the total reserves of the pool, subject to there being no impairment of the pool as a whole.

PERENCO OIL AND GAS COLOMBIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

2 Accounting policies

(Continued)

Oil and gas assets: development and production

Development and production assets are accumulated under the principle of full cost accounting on a field-by-field basis and represent the cost of developing proved reserves discovered and bringing them into production, together with the exploration and evaluation expenditures incurred in finding proved reserves.

The net book values of producing assets are depreciated on a field-by-field basis using the unit of production method by reference to the ratio of production in the period to the related proved reserves of the field.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold premises	20 years
Leasehold improvements	10 years or the life of the lease if shorter
Plant and equipment	3-10 years

Freehold land is not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

2.5 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, assets are allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

PERENCO OIL AND GAS COLOMBIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

2 Accounting policies

(Continued)

2.6 Financial assets

Financial assets are recognised initially at fair value, normally being the transaction price. In the case of financial assets not at fair value through profit or loss, directly attributable transaction costs are also included. The subsequent measurement of financial assets depends on their classification, as set out below.

The Company classifies its financial asset instruments as measured at amortised cost or fair value through profit or loss. The classification depends on the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortised cost

Financial assets are classified as measured at amortised cost when they are held in a business model the objective of which is to collect contractual cash flows and the contractual cash flows represent solely payments of principal and interest. Such assets are carried at amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired and when interest is recognised using the effective interest method. This category of financial assets includes trade and other receivables. Material long term receivables are discounted to present value using projected cash inflows and an appropriate discount rate.

Financial assets measured at fair value through profit or loss

Financial assets are classified as measured at fair value through profit or loss when the asset does not meet the criteria to be measured at amortised cost. Such assets are carried on the balance sheet at fair value with gains or losses recognised in the income statement. Marketable securities and investments are included in this category.

Marketable securities

Marketable securities comprise professionally managed portfolios of bonds, fixed interest and other securities stated at market value and are classified as 'fair value through profit and loss' financial instruments. Changes in market value, additions and disposals, and yields on the securities are included within 'other financial gains and losses' in the income statement.

The Company holds 6.56% interest in Oleoducto de Colombia. The investment is measured at fair value through profit and loss. During the year, a fair value loss of \$0.96 million was recognised (2021: loss \$5.7 million). The fair value has been determined based on Level 3 fair value hierarchy being present value of all expected future dividends (note 12).

Derecognition of financial assets

The Company derecognises financial assets when the contractual rights to the cash flows expire or the rights to receive cash flows have been transferred to a third party along with either substantially all of the risks and rewards or control of the asset. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

2.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

2.8 Decommissioning funds

When the Company is required to maintain decommissioning funds in order to cover decommissioning expenditure, these are separately disclosed within long-term receivables, as disclosed in note 17.

PERENCO OIL AND GAS COLOMBIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

2 Accounting policies

(Continued)

2.9 Financial liabilities

The measurement of financial liabilities depends on their classification.

Financial liabilities measured at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

This category of financial liabilities includes trade and other payables and borrowings.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

2.10 Inventories

Crude oil inventory is carried at market value in accordance with specific exclusions applicable to mineral products under IAS 2 'Inventory'.

Materials, supplies and all other non-mineral inventories are stated at the lower of weighted average cost and net realisable value. The Company reviews annually the stock of material for obsolescence and a provision on obsolete stock is made accordingly.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

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

PERENCO OIL AND GAS COLOMBIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

2 Accounting policies

(Continued)

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Other taxes, which include value added tax and sales tax, represent the amount receivable or payable to local authorities in the countries where the Company operates and are charged to the income statement.

2.12 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

PERENCO OIL AND GAS COLOMBIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

2 Accounting policies

(Continued)

Decommissioning Provisions

Liabilities for decommissioning costs are recognised when the Company has an obligation to plug and abandon a well, dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reliable estimate of that liability can be made. Where an obligation exists for a new facility or item of plant, such as oil and natural gas production or transportation facilities, this liability will be recognised on construction or installation. The Company's existing decommissioning provision is revalued every three years, however the revaluation can be carried out sooner depending on local requirements, or if significant change occurs within ongoing project and/or when significant new data related to the underlying assumptions becomes available. An obligation for decommissioning may also arise during the period of operation of a well, facility or item of plant through a change in legislation or through a decision to terminate operations. At the end of 2021 a full review of the decommissioning provision was performed. The next full revaluation will be carried out in 2024.

The amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements. The provision for the costs of decommissioning wells, production facilities and pipelines at the end of their economic lives is estimated using existing technology, at inflated future prices, depending on the expected timing of the activity, and discounted using the nominal discount rate. Inflation and nominal discount rates are re-assessed each year.

An amount equivalent to the decommissioning provision is recognised as part of the corresponding property, plant and equipment (decommissioning asset). The decommissioning portion of the property, plant and equipment is subsequently depreciated at the same rate as the rest of the asset. Other than the unwinding of discount on or utilisation of the provision, any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the corresponding asset where that asset is generating or is expected to generate future economic benefits. Any reduction in the decommissioning liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the statement of profit or loss and other comprehensive income.

PERENCO OIL AND GAS COLOMBIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

2 Accounting policies

(Continued)

2.13 Foreign exchange

The financial statements have been presented in United States dollars ('US dollars'), which is the functional currency of the Company. Transactions in currencies other than US dollars are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

2.14 Pension Costs

For defined benefit schemes, the amounts charged to the income statement are the current service costs and gains and losses on settlements and curtailments, included as part of staff costs. Payments to defined contribution schemes are charged as an expense as they fall due.

2.15 Joint Arrangements

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

When the Company undertakes its activities under joint operations, the company as a joint operator recognises in relation to its interest in the joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Company accounts for the assets, liabilities, revenue and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenue and expenses.

PERENCO OIL AND GAS COLOMBIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

3 Adoption of new and revised standards and changes in accounting policies

In the current year, the Company has applied the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment-Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts-Cost of Fulfilling a Contract
Annual Improvements to IFRS Standards 2018-2020 Cycle	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture

Standards which are in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective and therefore not adopted:

IFRS 17 (including the June 2020 and December 2021 amendments to IFRS 17)	Insurance contracts
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

PERENCO OIL AND GAS COLOMBIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical judgements

There are no critical judgements made by the directors in applying the Company's accounting policies.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that can have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Decommissioning

The provision for decommissioning obligations depends on the estimate of the cost and timing of decommissioning works, legal requirements and the inflation and discount rates to be applied to such costs. Management has conducted an internal review of these factors, based on information currently available, in the calculation of the provision.

The carrying amounts of decommissioning provisions at 31 December 2022 are shown in note 29.

Management considers discount rates to be the key source of estimation uncertainty in determining the carrying amounts of the decommissioning assets and provisions, as a reasonably possible changes in these assumptions, arising from a change in a risk free rate, could result in a material change in the carrying amount of the decommissioning assets and provisions within the next financial year. A 1.0 percentage point increase in the nominal discount rate applied could decrease the Company's decommissioning provision balances by approximately \$774k. The pre-tax impact on the Company's income statement would be a credit of approximately \$492k. A 1.0 percentage point decrease in the nominal discount rate applied could increase the Company's decommissioning provision balances by approximately \$873k. The pre-tax impact on the Company's income statement would be a debit of approximately \$239k.

Reasonably possible changes in other assumptions, such as inflation, timing and amount of costs of decommissioning are not expected to result in a material change in the carrying amounts. The level of reasonably possible changes reflects the Company's past experience that could arise within the next financial year.

Other sources of estimation uncertainty

The other assumptions made concerning the future, and other sources of estimation uncertainty at the balance sheet date, that were made in relation to the assets with significant carrying amounts but do not have a risk of causing a material adjustment to the carrying amounts of assets within the next financial year, are discussed below

PERENCO OIL AND GAS COLOMBIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

4 Critical accounting judgements and key sources of estimation uncertainty

(Continued)

Reserves

Development and production assets within property, plant and equipment are depreciated on a unit of production basis at a rate calculated by reference to proved developed producing reserves estimated using the standards required by the US Securities Exchange Commission ("SEC"). Proved reserves estimates are based on a number of underlying assumptions, including oil and gas prices, future costs, oil and gas in place and reservoir performance, which are inherently uncertain. Proved reserves estimates are supported by reserves reports for the Company which are reviewed by independent petroleum reservoir engineers.

The level of estimated commercial reserves is also a key determinant in assessing whether the carrying value of any of the Company's development and production assets has been impaired.

The carrying amounts of development and production assets as at 31 December 2022 is shown in note 14.

Impairment of assets

Under the full cost method of accounting for production and development costs, such costs are capitalised by reference to appropriate cost pools, and are assessed for impairment when circumstances suggest that the carrying amount may exceed its recoverable value. This assessment involves estimation as to (i) the likely life of the field, (ii) future revenues and operating costs with which the asset in question is associated, (iii) the discount rate to be applied to such revenues and costs for the purpose of deriving a recoverable value, and (iv) the oil price assumption. Note 14 discloses the carrying amounts of the Company's development and production assets.

5 Revenue

An analysis of the Company's revenue is as follows:

	2022 \$'000	2021 \$'000
Oil sales	94,862	67,008

All revenue stated above relate to operations in Colombia.

6 Profit/(loss) for the year

		2022 \$'000	2021 \$'000
Profit/(loss) for the year stated after charging /(crediting)			
Net foreign exchange losses	(note 12)	1,733	866
Depreciation of property, plant and equipment	(note 14)	13,561	13,089
Loss on disposal of property, plant and equipment		63	654
Staff costs	(note 8)	4,006	3,875
Impairment of investments	(note 15)	957	5,690

PERENCO OIL AND GAS COLOMBIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

7 Auditor's remuneration

The analysis of auditor's remuneration is as follows:

	2022 \$'000	2021 \$'000
Fees payable to the company's auditor for the audit of the company's financial statements	22	22
	<u>22</u>	<u>22</u>

No non-audit services have been provided in either 2022 and 2021.

8 Employees

The average monthly number of employees (including directors) were:

	2022 Number	2021 Number
Administration	50	49
Operations	34	31
	<u>84</u>	<u>80</u>

Their aggregate remuneration comprised:

Employment costs	2022 \$'000	2021 \$'000
Wages and salaries	3,138	2,985
Social security costs	868	890
	<u>4,006</u>	<u>3,875</u>

None of the directors are employees of the Company and the directors received no remuneration from the Company during the year. It is not practicable to allocate their remuneration between their services for the Company during the period and their services for other Perenco group companies.

PERENCO OIL AND GAS COLOMBIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

9 Investment income

	2022 \$'000	2021 \$'000
Interest income		
Financial instruments measured at amortised cost:		
Bank deposits	257	111
Other interest income on financial assets	856	21
Total interest revenue	1,113	132
Other income		
Dividends received	5,744	6,242
	6,857	6,374

Income above relates to assets held at amortised cost, unless stated otherwise.

10 Administrative expenses

	2022 \$'000	2021 \$'000
General administration costs	1,973	1,790
Tax claim penalties	-	8,765
	1,973	10,555

In 2021 the Company recognised a tax claim of \$22.3m in relation to corporation tax for years 2009 and 2010. The total amount of \$22.3m consist of \$8.8m tax penalties, included in admin cost above, \$6.7m interest on the penalties included in finance cost (note 11) and \$6.8m corporation tax (note 13).

11 Finance costs

	2022 \$'000	2021 \$'000
Interest on bank overdrafts and loans	-	6
Interest on tax penalties (note 10)	-	6,654
Total interest expense	-	6,660
Unwinding of discount on decommissioning provision (note 29)	188	207
	188	6,867

PERENCO OIL AND GAS COLOMBIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

12 Other gains and losses	2022 \$'000	2021 \$'000
Amounts written off to fair value through profit or loss	(957)	(5,690)
Net foreign exchange losses	(1,733)	(866)
	<u>(2,690)</u>	<u>(6,556)</u>

The Company holds a 6.56% interest in Oleoducto de Colombia which owns and operates a pipeline system in Colombia. The investment is measured at fair value through profit and loss. During 2022, a fair value loss of \$957k was recognised (2021: \$5,690k). The fair value has been determined based on Level 3 fair value hierarchy being present value of all expected future dividends. The estimate of the expected future dividends is based on the 5-year average of the past dividends received. Management currently have no intention to dispose of this investment.

PERENCO OIL AND GAS COLOMBIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

13 Income tax

	2022 \$'000	2021 \$'000
Corporation tax		
Current year	15,637	8,276
Adjustments in respect of prior periods (note 10)	(312)	6,810
	<u>15,325</u>	<u>15,086</u>
Deferred tax		
Origination and reversal of temporary differences (note 27)	(1,549)	2,672
Total tax expense	<u>13,776</u>	<u>17,758</u>

The charge for the year can be reconciled to the profit per the income statement as follows:

	2022 \$'000	2021 \$'000
Profit before taxation on continued operations	<u>41,449</u>	<u>6,170</u>
Profit before taxation multiplied by standard rate of Colombia corporation tax of 35.00% (2021: 31.00%)	<u>14,507</u>	<u>1,913</u>
Taxation impact of factors affecting tax charge:		
Expenses not deductible in determining taxable profit	1,204	8,231
Income not taxable	(4,199)	(2,452)
Tax adjustments in respect of prior years	(312)	6,811
Taxation paid at rates other than the statutory rates	686	637
Other	1,890	2,618
Total adjustments	<u>(731)</u>	<u>15,845</u>
Tax expense for the year	<u>13,776</u>	<u>17,758</u>

On 28 December 2018, Colombia enacted tax reform (Law 1943 - Tax Reform). The Tax Reform makes numerous changes to the Colombian tax rules that apply from 1 January 2019. The Tax Reform reduces the corporate income tax (CIT) rate from 33% in 2019 to 32% for 2020, 31% for 2021 and 30% for 2022. Furthermore on 14 September 2021, Colombia enacted tax reform (Law No. 2155) which modifies corporate income tax (CIT). The Tax Reform increases the CIT rate to 35% from 1 January 2022.

PERENCO OIL AND GAS COLOMBIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

14 Property, plant and equipment

	Decommissioning assets \$'000	Development and production assets \$'000	Other assets \$'000	Total \$'000
Cost				
At 1 January 2021	16,436	310,869	10,626	337,931
Additions	-	5,411	-	5,411
Disposals	-	(1,722)	(280)	(2,002)
Change in decommissioning estimates (note 29)	(6,192)	-	-	(6,192)
At 31 December 2021	10,244	314,558	10,346	335,148
Additions	-	7,560	15	7,575
Disposals	-	(79)	(84)	(163)
Change in decommissioning estimates (note 29)	(1,031)	-	-	(1,031)
At 31 December 2022	9,213	322,039	10,277	341,529
Accumulated depreciation/impairment				
At 1 January 2021	9,754	271,580	2,266	283,600
Charge for the year	(737)	13,268	558	13,089
Eliminated on disposal	-	-	(185)	(185)
At 31 December 2021	9,017	284,848	2,639	296,504
Charge for the year	(125)	13,063	623	13,561
Eliminated on disposal	-	-	(84)	(84)
At 31 December 2022	8,892	297,911	3,178	309,981
Carrying amount				
At 31 December 2022	321	24,128	7,099	31,548
At 31 December 2021	1,227	29,710	7,707	38,644

15 Investments

	2022 \$'000	2021 \$'000
Investment in oil pipeline	24,376	25,333

The Company holds a 6.56% interest in Oleoducto de Colombia which owns and operates a pipeline system in Colombia. The investment is measured at fair value through profit and loss. The fair value has been calculated based on the present value of all expected future dividends (note 12). During the year an impairment loss of \$957k (2021: impairment loss \$5,690k) was recognised on the investment.

PERENCO OIL AND GAS COLOMBIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

16 Inventories	2022 \$'000	2021 \$'000
Oil stock	7,212	5,915
Material stock	5,140	5,127
Material stock provision	(2,266)	(2,056)
	<u>10,086</u>	<u>8,986</u>

The movement in crude oil inventory is included within production and operation costs. In 2022, the Company recognised a net gain of \$1,238k (2021: \$1,882k gain) on oil stock movements.

The Company maintains a provision for obsolete materials and supplies of \$2,266k (2021: \$2,056k), based on specific potential obsolescence identified or of the age of the items, to account for items that may not be used in future. The movement in the year has been recognised directly through the income statement.

17 Other receivables	2022 \$'000	2021 \$'000
Decommissioning fund	<u>7,128</u>	<u>6,946</u>

When the Company is required to maintain decommissioning funds in order to cover decommissioning expenditure, these are separately disclosed within long-term receivables. The fund is kept in USD and accrues interest. The Company is unable to access the fund which is managed by a Trust.

PERENCO OIL AND GAS COLOMBIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

18 Trade and other receivables

	2022 \$'000	2021 \$'000
Trade receivables	4,332	3,820
Other receivables	590	736
VAT recoverable	4	-
Amounts due from fellow group undertakings	54,742	28,429
Amounts due from joint venture partners	3,021	2,977
Prepayments	1,069	101
	<u>63,758</u>	<u>36,063</u>

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost. 100% of the Company's trade receivables are not past due (2021: 100%).

The amounts due from fellow group undertakings relates to a balance held with Perenco Colombia Limited under a cash pooling treasury agreement. Amounts are paid in US dollar and interest is calculated on a monthly basis using the 1 month SOFR Rate.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated by reference to the past default experience of the debtor and an analysis of the debtors current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as forecast direction of conditions at the reporting date.

No expected credit losses were recognised as at the end of both 2022 and 2021.

19 Financial instruments

Categories of financial instruments

The accounting classification of each category of the Company's financial instruments and their carrying amounts are set out below. The amounts are presented based on the classification, measurement and impairment requirements of IFRS 9.

	2022 \$'000	2021 \$'000
Financial assets		
<i>Measured at fair value through profit or loss</i>		
Investments (note 15)	24,376	25,333
<i>Marketable securities</i>	2,440	2,455
Measured at amortised cost		
Loans and receivables (including cash and cash equivalents)	67,346	45,012
Financial liabilities measured at amortised cost		
Trade and other payables	(17,038)	(28,970)
	<u>77,124</u>	<u>43,830</u>

PERENCO OIL AND GAS COLOMBIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

19 Financial instruments

(Continued)

Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- >the fair values of financial assets and financial liabilities with standard terms and conditions are traded on active liquid markets are determined with reference to quoted market prices;
- >the fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.
- >the fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis based on the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

The fair value of each category of financial asset and liability is not materially different from the carrying value presented for either 2022 or 2021.

The following table provides an analysis of the financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

- >Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- >Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- >Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2022 \$'000	2021 \$'000
Financial assets					
Marketable securities	2,440	-	-	2,440	2,455
Investments	-	-	24,376	24,376	25,333
	<u>2,440</u>	<u>-</u>	<u>24,376</u>	<u>26,816</u>	<u>27,788</u>

20 Fair value of financial liabilities

The directors consider that the carrying amounts of financial liabilities carried at amortised cost in the financial statements approximate to their fair values.

PERENCO OIL AND GAS COLOMBIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

21 Liquidity risk

The following table details the remaining contractual maturity for the company's financial liabilities with agreed repayment periods. The contractual maturity is based on the earliest date on which the company may be required to pay.

	Less than 1 month \$'000
At 31 December 2021	
Non-interest bearing	28,970
At 31 December 2022	
Non-interest bearing	17,038

Liquidity risk management

The Company aims to meet its cash flow requirements out of operating cash flows, however from time to time may rely on its parent, Perenco Colombia Ltd, to provide additional liquidity.

22 Market risk

Market risk management

The Company monitors and manages the financial risks relating to its operations on a continuous basis. These include natural gas price risk, credit and liquidity risks. The Company's significant financial instruments are trade and other receivables and trade payables.

Oil and gas price risk

The most significant financial risk to which the Company is exposed are movements in oil and gas prices. The Company considers that volatility in gas prices is a regular part of its business environment. The Company does not systematically hedge through financial instruments to mitigate these risks. A 10% decline in the average oil price attained during 2022 would have reduced revenues for the year by \$9,486k (2021: \$6,700k).

23 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Company.

The Company controls credit risk by requiring systematically a letter of credit as part of the sale agreement, except for customers with a good credit history (major international oil groups and national oil companies). The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the company's maximum exposure to credit risk.

The company does not hold any collateral or other credit enhancements to cover this credit risk.

PERENCO OIL AND GAS COLOMBIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

24 Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern whilst maximising the return to shareholders.

The Company is not subject to any externally imposed capital requirements.

25 Interest rate risk

The Company has substantial cash pooling receivable balances, on which it earns deposit interest income, which is significant interest-bearing financial assets. The Company does not have derivative financial instruments.

The Company's management has closely monitored the market and the output from the various industry working groups managing the transition to new benchmark interest rates. All interest bearing financial assets are linked to the alternative benchmark rate SOFR.

26 Trade and other payables

	2022	2021
	\$'000	\$'000
Trade payables	7,721	20,764
Amounts due to fellow group undertakings	742	1,384
Amounts due to joint venture partners	6,475	5,911
Accruals	2,100	911
Other taxes	1,189	1,216
Other payables	134	138
	<u>18,361</u>	<u>30,324</u>

The amounts due to fellow group undertakings are not interest bearing.

PERENCO OIL AND GAS COLOMBIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

27 Deferred tax

	2022 \$'000	2021 \$'000
Deferred tax liability		
Balance at the beginning of the year	(2,009)	-
Charge /(credit) to the income statement (note 13)	1,549	(2,009)
Balance at the end of the year	<u>(459)</u>	<u>(2,009)</u>
Deferred tax asset		
Balance at the beginning of the year	-	663
Credit to the income statement (note 13)	-	(663)
Balance at the end of the year	<u>-</u>	<u>-</u>
Deferred tax analysis		
	2022 \$'000	2021 \$'000
Accelerated capital allowances	(2,972)	(4,836)
Decommissioning provision	3,809	3,635
Accruals	(56)	(18)
Oil stock	(1,240)	(790)
Net deferred tax liability provided	<u>(459)</u>	<u>(2,009)</u>

Deferred tax assets are recognised for unused tax credits and unused tax losses to the extent that it is probable that taxable profits will be available against which the carried forward unused tax credits and tax losses can be utilised. There were no unused tax losses carried forward at the end of either 2022 or 2021.

PERENCO OIL AND GAS COLOMBIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

28 Long-term provisions	2022 \$'000	2021 \$'000
Defined benefit pension liability	5,616	4,788
Other provisions	3,943	4,258
	<u>9,559</u>	<u>9,046</u>

Provision for contractual retirement obligations reflects the charge in actual estimates of the net pension liability.

Perenco Colombia invest in a private pension fund for its employees. Under the terms of the fund, the employer and the employee are required to contribute respectively 12% and 4% of the salary. The employer is liable for any loss incurred as such that when they retire the employees receive at least the total amount that has been paid to the fund as if losses never happened. At the end of each year, the value of the fund is compared to the contributions paid. A provision recorded when the value of the fund is lower than the total contribution paid. At the end of 2022, a provision of \$5,616k has been posted.

	Defined benefit pension liability \$'000	Other provisions \$'000	Total \$'000	2021 \$'000
At 1 January 2022	4,788	4,258	9,046	6,125
Additional provisions in the year	(13)	(565)	(578)	1,817
Exchange difference	841	250	1,091	1,104
	<u>5,616</u>	<u>3,943</u>	<u>9,559</u>	<u>9,046</u>
At 31 December 2022	<u>5,616</u>	<u>3,943</u>	<u>9,559</u>	<u>9,046</u>

PERENCO OIL AND GAS COLOMBIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

29 Decommissioning provision

The decommissioning costs related to the decommissioning provision provided for are expected to be incurred between 2023 and 2036.

The provision is the discounted value of the directors' estimates using existing technology, at current prices. Decommissioning cost estimates have been inflated to the date of decommissioning at from 2% to 8% (2021: 2%) and discounted back to the year end at discount rates, from 3.76% to 3.87% (2021: 0.855% to 1.978%), chosen to match the currency and expected timing of the decommissioning activity. Any adjustment from the re-assessment of the estimated cost of decommissioning is capitalised (see note 14) whilst the adjustment arising from the unwinding of the discount is taken to the income statement as a finance cost (see note 11).

After a full review of the Company's decommissioning provision was undertaken during the year, a total decrease in estimate of \$1,031k (2021: \$6,395k decrease), is reflected in the decommissioning asset within Property, plant and equipment- (note 14),

	2022 \$'000	2021 \$'000
Balance at 1 January	11,726	17,914
Unwinding of discount (note 11)	188	207
Acquisitions	-	-
Change in estimate	(1,031)	(6,395)
Balance at 31 December	<u>10,883</u>	<u>11,726</u>
<i>Decommissioning payments falling due:</i>		
Due to be paid within one year	4,115	-
Due after more than one year	6,768	11,726
	<u>10,883</u>	<u>11,726</u>

PERENCO OIL AND GAS COLOMBIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

30 Related party transactions

Other transactions with related parties

During the year the company entered into the following transactions with related parties:

	Amounts charged to related parties		Amounts charged from related parties	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Parent company	1,782	1,628	1,603	15,391
Other related parties	148	252	1,160	1,638
	<u>1,930</u>	<u>1,880</u>	<u>2,763</u>	<u>17,029</u>

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2022 \$'000	2021 \$'000
Joint venture partners	6,475	5,911
Other related parties	742	1,384
	<u>7,217</u>	<u>7,295</u>

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties	
	2022 \$'000	2021 \$'000
Parent company	54,742	28,429
Joint venture partners	3,021	2,977
	<u>57,763</u>	<u>31,406</u>

No guarantees have been given or received.

Other related parties are companies within the Perenco International Limited group, the largest group of undertakings of which the Company is a member.

PERENCO OIL AND GAS COLOMBIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

31 Share capital	2022	2021
	\$'000	\$'000
Authorised, issued and paid		
4 ordinary shares of \$5.36 each	-	-
	<u> </u>	<u> </u>
32 Cash generated from operations	2022	2021
	\$'000	\$'000
Operating profit	37,470	13,218
Adjustments for:		
Increase/(decrease) in provision on inventory	210	(803)
Loss on disposal of property, plant and equipment	63	1,817
Depreciation, depletion and amortisation	13,561	13,089
Increase in provisions	513	2,921
Foreign exchange gains	(1,159)	(663)
Movements in working capital:		
Increase in inventories	(1,310)	(1,111)
(Increase)/decrease in trade and other receivables	(1,685)	932
(Decrease)/increase in trade and other payables	(11,964)	9,823
Income tax paid	(13,209)	(8,734)
Cash generated from operations	<u>22,490</u>	<u>30,489</u>

33 Capital commitments

The Company is committed to its share of future exploration, development and operating costs beyond 2022 under the terms of its joint venture agreements. At 31 December 2022 the Company was committed to expenditure on exploration and development activities totalling approximately \$38.0 million (2021: \$25.3 million).

34 Controlling party

Perenco Oil and Gas Colombia Ltd is a 100% subsidiary of Perenco Colombia Limited which is incorporated in the Bahamas.

Perenco S.A. Lyford Manor, Lyford Cay, West Bay Street, PO Box N10 051, Nassau, Bahamas, a company incorporated in the Bahamas, is the smallest group of undertakings, of which Perenco Oil and Gas Colombia Limited is a member, for which group financial statements are prepared. The financial statements of Perenco S.A. are not available to the public.

Perenco International Limited, a company incorporated in the Bahamas, is the ultimate controlling party and the largest group of undertakings for which group financial statements are prepared and is owned and controlled by trusts for the benefit of the Perrodo family. The financial statements of Perenco International Limited are not available to the public.