Company Registration No. 07075945

Tomori E&P Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2022

Tomori E&P Limited

Annual report and financial statements for the year ended 31 December 2022

CONTENTS

Tomori E&P Limited

Annual report and financial statements for the year ended 31 December 2022

OFFICERS AND PROFESSIONAL ADVISERS

Directors:

S Hamada
K Koizumi
B S Cho – appointed 2 March 2023
H S Lee – appointed 2 March 2023
R Masui – appointed 10 May 2023

Company Secretary:

Vistra Company Secretaries Limited
Medi Tri Cahyono

Registered Office:

Mid City Place
71 High Holborn
London
WC1V 6BA

Independent Auditor:

Deloitte LLP
2 New Street Square
London
EC4A 3BZ

Banker:

The Bank of Tokyo-Mitsubishi UFJ Ltd
Ropemaker Place
25 Ropemaker Street
London
EC2Y 9AN

Tomori E&P Limited

STRATEGIC REPORT

The Directors, in preparing this strategic report, have complied with s414 C of Companies Act 2006.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

Tomori E&P Limited (the "Company") holds 20% in certain upstream oil and gas interests in the Republic of Indonesia and its business activities include the exploration, development, production and disposition of crude oil, natural gas and other hydrocarbons in the Republic of Indonesia.

The Company's Tiaka oilfield remains temporarily suspended since 2015, due to the continued decline in oil price, while the Senoro field has been operating well. During 2022, the Company's gas field produced an average rate of 337 MMScfD (2021: 296 MMScfD) throughout the year, without unplanned interruption, with associated condensate generated of 7,833 bpd (2021: 6,940 bpd). Increase in oil price and contract price for gas sales revenue also contributed to the Company's revenue increase in 2022. Average contract price for gas sales in 2022 was $8.3 per MMBtu (2021: $5.3 per MMBtu), while average oil price in 2022 was $90.8 per barrel (2021: $68.5 per barrel).

The Company had total revenue in the year of $206,160,427 (2021: $101,987,559), operating profit of $147,297,137 (2021: $55,580,028) and profit before tax of $165,657,784 (2021: $109,541,919). The fair value of the embedded derivative as of 31 December 2022 was $80,873,558 (2021: $64,110,965) and the movement led to an increase of $16,762,593 in profit before tax. The decrease in cash and cash equivalents to $22,860,389 as of 31 December 2022 (2021: $135,580,343) and increase of trade and other receivables to $53,980,852 as of 31 December 2022 (2021: $24,610,102) resulted from capital reduction amounting to total of $188,000,000 from Mitsubishi Corporation, the ultimate parent of the Company, and Korea Gas Corporation, and the repayment of the $24,000,000 loan to MCFC Asia, a regional financing company under Mitsubishi Corporation. The Company expects to continue its current activities for the foreseeable future.

The recovery of the market since COVID-19 has contributed to the revenue with the increase in production of gas and condensate due to turnaround of the upstream facility.

The Russia-Ukraine conflict has caused widespread disruption to financial markets and normal patterns of business activities across the world and also volatility in the commodities prices including oil and gas prices. Although there was uncertainty around the effect this would have on the businesses, it does not represent a significant risk to the Company as the Company has no direct or indirect business relationship with Russia and/or Ukraine. In addition, the Company has no linkage with sanctioned entities or individuals and has no operation or business relationship with entities in Russia, Belarus or Ukraine. The Company has continued to operate in line with expectations.

Production Sharing Contract ("PSC") Extension

All Participating Interest holders (the Company, Pertamina Hulu Energi Tomori Sulawesi ("PHETS") and Medco E&P Tomori Sulawesi ("MEPTS")) jointly submitted the proposal of PSC Extension to SKK Migas, an institution established by the Government of the Republic of Indonesia acting as a regulator for the upstream oil & gas activities, on 16 September 2021. Minister of ESDM (Ministry of Energy and Mineral Resources) has issued the approval for Terms and Conditions of Cooperation Contract of Senoro Toili PSC on 26 November 2021. The Extended PSC Contract dated 14 April 2022 has obtained final approval from Minister of ESDM on 2 June 2022, effective from 4 December 2027 until 3 December 2047. Prior to the signing of the Extended PSC, the Company has paid signing bonus of $10,684,000 and issued performance bond of $758,000 on 1 April 2022 as required by the Indonesian Government.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS (continued)

Perusahaan Listrik Negara ("PLN") Gas Sales Agreement Amendment
Considering the delay of PLN gas absorption due to slow progress of PLN power plant construction, the Sellers (the Company, PHETS and MEPTS) and Buyer (PLN) agreed to make Gas Sales Agreement Amendment in order to set a new Commencement Date which has been agreed by both Parties to be 4 March 2021. The draft of GSA Amendment was submitted to SKK Migas in June 2021 and is currently under SKK Migas review. All parties also agreed to make a Mutual Agreement as a bridging document while waiting for the approval of Gas Sales Agreement Amendment from SKK Migas. The signing process of the Mutual Agreement was completed in July 2022. However, the signing date of Mutual Agreement is put as of 29 November 2021 based on the request from PLN considering the change of PLN's internal organization structure.

Perusahaan Gas Negara ("PGN") City Gas (Banggai Jargas)
A mutual agreement between Sellers and PGN was signed on 20 December 2019 with the daily contract quantity in accordance with the Gas Allocation letter at 0.2 MMSCFD with the price of $4.72/MMBTU. However the average gas absorption as of 2021 was around 0.04 MMSCFD. The GSA draft has been submitted on 9 February 2021 to SKK Migas for review and approval. SKK Migas gave a feedback review on the GSA draft on August 2021. All Parties are having discussions in order to incorporate SKK Migas review in the GSA draft.

Medco Power Indonesia (MPI) Gas Allocation
As a new potential buyer, ESDM Minister issued a new Gas Allocation to Medco Power Indonesia (MPI) as of October 2019 for the volume of 34 MMSCFD from 2023 to 2024 and 64 MMSCFD from 2025 to 2042. It was agreed that the gas supply to MPI will be started after 2027 since MPI and DSLNG were unable to reach an agreement to utilize gas allocation of MPI during 2023 - 2027. The discussions of price negotiation and gas supply scheme are still on-going among MPI, Upstream Parties and DSLNG.

KEY PERFORMANCE INDICATORS

Management monitors the volume of gas and the number of barrels of oil produced per day as key performance indicators, as these products form the revenue streams of the Company.

Construction of the Senoro gas facility was completed in 2015 and gas production has since increased significantly, becoming the principal revenue stream from 2016. The Senoro asset has continued to produce natural gas and condensate across the year ended 31 December 2022 as described in the below table:

	2022			2021		
	Actual	KPI	Achievement Percentage	Actual	KPI	Achievement Percentage
Senoro Natural Gas (mmscf/day)	67.47	62.60	107.78%	59.25	58.31	101.61%
Senoro Condensate (bbls/day)	1,567	1,440	108.82%	1,390	1,295	107.34%

Compared to the prior year, there has been an increase in gas sales revenue as well as contractor share across 2022, contributed by increase in gas production and increase in contract price throughout 2022.

KEY PERFORMANCE INDICATORS (continued)

Total Contractor Share through the PSC mechanism, can be summarised in the below table:

	2022			2021		
	Actual	KPI	Achievement Percentage	Actual	KPI	Achievement Percentage
Senoro Natural Gas (MM$)	104.43	51.45	202.97%	51.70	32.57	158.74%
Senoro Condensate (MM$)	16.65	12.02	138.52%	12.28	8.98	136.75%

The Company recognises that successful quality, health, safety and environmental management is fundamental to its business. The Company is committed to providing adequate and appropriate control over health, safety and environmental risks arising from its activities. In 2022, the Company has carried out SUPREME thematic audits for Process 3, Process 6, SPT SBT and awarded with a "dark green" level, as well as obtained certification ISO Series (ISO 50001, ISO 9001, ISO 45001, ISO 14001) and SMK3 from external audit institution by Sucofindo.

PRINCIPAL RISKS AND UNCERTAINTIES

Due to the nature of the Company's business model of the upstream oil and gas business, it is exposed of various risks, all of which are monitored and controlled. Hence, these risks could potentially impact the overall Company's performance in certain extent. The principal risk mainly related to oil and gas price, inflation, technology and environment and other macroeconomic risk.

Oil price risk
The Company has exposure to fluctuating oil prices and the oil price achieved by the Company is based upon the Indonesian Crude Oil price (ICP). Due to the level of revenue from oil production during the year and based on the projection for next year, the Directors do not believe it is necessary to hedge the Company's exposure against oil price risk. The Directors do not believe that any further risk mitigation is necessary.

Gas price risk
The Company has exposure to fluctuating gas prices and the gas price achieved by the Company is based on the contract price (Japan Customs-cleared Crude). The Company has also entered into a long-term gas supply contract with fixed volumes and variable pricing linked to the spot price of ammonia resulting in an embedded derivative.

Inflation risk
The Company tends to experience inflation-driven increases in certain costs, such as raw materials costs, transportation costs and energy costs that are linked to the general price level in Indonesia. In December 2022, the Indonesia inflation rate was 5.51%. In June 2023, the Indonesian inflation rate was 3.52%. Despite measures of the Indonesian government to contain inflation, growth of inflation rates may be significant in the short-term outlook. High rates of inflation, especially in Indonesia, could increase costs, decreasing margins and adversely affect the business's financial position, however the risk is mitigated with the subsequent increase in demand and price for Oil and Gas.

Technical (reserves) risk
The success of the Company is dependent upon the accurate analysis of the reserves level within its oil and gas fields and on the capability and performance of its technical staff and consultants. The Company works closely with the operator of the oil and gas fields in which it has an interest to ensure that high levels of capability and performance are seen as standard and keeps a close appraisal of all technological and production developments.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Environmental and climate change
The environmental and climate change risk could affect the operation of the Company's business. To comprehensively understand the potential environmental and climate change risk possess to the Company's business, the Company works closely with the Operator of its oil and gas fields to ensure that there is minimal risk of damage to the environment occurring during day-to-day drilling and extraction operations. In this regard, the Company is heavily dependent upon the performance of its Operator; hence communication with them is key. Currently, regulations on the climate change in oil and gas industry is still being stipulated. However, the Operator put some initiatives to minimise the environmental damage and climate change risk by reducing carbon emission, reducing environmental footprint and protecting biodiversity.

Supply risk
The price achieved in the market for commodities is dependent on worldwide supply. There is a risk in the future that increased supply from companies and countries alike will further negatively impact on the price achieved for a barrel of oil. It is possible that the market will become saturated with the commodity and oil prices remain at a depressed level for an extended period of time. The Directors do not believe that any further risk mitigation is necessary.

Demand risk
The Directors continue to assess the impact of various current global economic issues. Subsequent to year ended 31 December 2022, the oil and natural gas price continues to surge to $65 and $86 per barrel respectively in May 2023. The long-term future consequences are at normal level and will continue to be closely monitored.

Statement by the Directors in performance of their statutory duties in accordance with S172(1) Companies Act 2006

The Directors of the Company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

- The likely consequences of any decisions in the long-term;
- The interests of the company's employees;
- The need to foster the company's business relationships with suppliers, customers and others;
- The impact of the company's operations on the community and the environment;
- The desirability of the company maintaining a reputation for high standards and business conduct; and
- The need to act fairly towards the shareholders of the company.

The Board meets regularly to review the short and medium-term goals which have been set to achieve the strategic goals of tracking financial performance against forecasts and budgets.

The Directors consider that the key factors, which will underpin the success of the company, are:

- Business knowledge
- Leadership style.
- Human resource quality; and
- Financial capability.

Statement by the Directors in performance of their statutory duties in accordance with S172(1) Companies Act 2006 (continued)

The key activities in the year, which supported this business model, are detailed on page 2 of the Strategic Report. As outlined in the Strategic Report, the value of the Company is driven by secured revenue through negotiated contracts.

The following paragraphs summarise how the Directors fulfil their duties:

Business Conduct

The Company holds certain upstream oil and gas interests in the Republic of Indonesia and carries out all activities related thereto including exploration, development, production and disposition of crude oil, natural gas and other hydrocarbons in the Republic of Indonesia.

The principal risks and uncertainties of our business are listed on page 4, and the Board of Directors continues to develop and regularly monitor these in order to manage the Company's risk environment internally.

Our People

The Company is committed to being a responsible business, and the Company's behaviour is aligned with the expectations of its people, customers, communities and society as a whole. On the organizational structure, the Company only has 5 appointed Directors plus 2 appointed Company Secretaries (Vistra Company Secretaries Limited and Mr. Medi Tri Cahyono). The Company does not have any employees.

The Directors and Mr. Medi Tri Cahyono did not receive any remuneration for their services during the year; but they are remunerated through one of the Company's related parties.

Training is readily available for management, thus ensuring that the broader leadership is cognisant of the Board's responsibilities, and so that the decisions made add value to the Company.

Business Relationships

The Company's approach is to recognise the importance of maintaining key business relationships. The Company entered into a Production Sharing Contract ("PSC") in Senoro-Toili Block in the Republic of Indonesia on December 2010 by holding a 20% Participating Interest. This block is operated by the Joint Operating Body called the JOB Pertamina-Medco E&P Tomori Sulawesi ("JOBPMTS"). The other Partners in this block include PT Pertamina Hulu Energi Tomori Sulawesi (holding a 50% Participating Interest) and PT Medco E&P Tomori Sulawesi (holding a 30% Participating Interest). Both PT Pertamina Hulu Energi Tomori Sulawesi and PT Medco E&P Tomori Sulawesi are Indonesian based companies.

In respect of all PSC operations/activities, JOBPMTS is obligated to report everything to the Regulator in Indonesia, and in this case SKK Migas (Special Task Force for Upstream Oil and Gas Business Activities).

In respect of finances and major activity, JOBPMTS must obtain approval from the Operating Committee ("OPCOM") consisting of representatives from PT Pertamina Hulu Energi Tomori Sulawesi and PT Medco E&P Tomori Sulawesi (representing PT Medco E&P Tomori Sulawesi and the Company).

In respect of gas lifting, JOBPMTS coordinates the process with all Parties. There is also a Paying Agent Agreement in place with PT Bank Mandiri to allocate gas revenue. For condensate lifting, the Company will coordinate with PT Medco E&P Tomori Sulawesi to conduct condensate lifting on its behalf. The settlement for this arrangement is conducted through the Over/Under Lifting Settlement on a semesterly basis.

Tomori E&P Limited

STRATEGIC REPORT (continued)

Community and the Environment

The Company works closely with the JOBPMTS on its oil and gas fields to manage and reduce the risk of environmental damage, that might occur from day-to-day drilling and extraction operations. In this regard, the Company is heavily dependent upon the performance of JOBPMTS; hence communication with them is key. JOBPMTS is ensuring the effects of climate change is considered and are actioning various efforts such as emission reduction, energy efficiency, life cycle analysis, water management, waste management and a biodiversity program. In 2022, JOBPMTS was awarded with 2 Subroto Awards which are for flare gas usage and specific innovation in energy management, as well as obtained a green proper rating form the Indonesian Ministry of Environment Forestry.

Shareholders

The Company entered into a Service Agreement for 1) Meeting Liaison and Information Gathering Services, 2) Accounting and Taxation Liaison Services and 3) Others, with Mitsubishi Corporation on November 2011. Regular meetings are held between the appropriate employees of the Mitsubishi Corporation and of the Korea Gas Corporation, being the Company's two shareholders.

Each shareholder has the right to appoint Directors, all of whom are involved in making important decisions for the Company. The Directors continue to assess the needs of the shareholders, and are committed to openly engaging with the shareholders, as they recognise the importance of a continuing effective dialogue.

Approved by the Board of Directors and signed on behalf of the Board:

K Koizumi
Director
27 September 2023

Tomori E&P Limited

DIRECTORS' REPORT

The Directors present their annual report on the affairs of Tomori E&P Limited, (the "Company"), together with the financial statements and auditor's report for the year ended 31 December 2022.

The Company has chosen, in accordance with section 414c (11) of the Companies Act 2006, and as noted in this Directors' report, to include a section on future developments of the Company in its strategic report that would otherwise be required to be disclosed in this Directors' report.

PRINCIPAL ACTIVITY

The Company is a joint operation company with the shareholders, Mitsubishi Corporation with 51% ownership as the ultimate parent and Korea Gas Corporation with 49% ownership. The principal activity of the Company is the exploration, extraction and sale of petroleum and natural gas in the Republic of Indonesia.

For the review of the business and future developments of the Company, please refer to Strategic Report on page 2 of this report.

FINANCIAL RISK MANAGEMENT

The Company's principal financial assets are trade and other receivables, bank balances, and other non-current financial assets and they are exposed to the following risks: liquidity risk, credit risk, interest rate risk, foreign currency risk, and commodity price risk. The policy for managing these risks is outlined below:

Liquidity risk
The Company maintains good relationships with its banks, which hold a high credit rating, and its cash requirements are anticipated via the budgetary process. If it is anticipated there will be insufficient working capital for the Company's ongoing activities, the Directors will discuss the cash flows with all parties involved to plan and ensure that there is sufficient cash within the Company to remain liquid.

Credit risk
The Company is mainly exposed to credit risk from its other non-current financial assets and its other receivable balances, including amounts due from the operator of its licence area and amounts due from the Indonesian Government. A loss allowance for lifetime expected credit losses is recognised for a financial instrument if there has been a significant increase in credit risk since initial recognition. This assessment considers all reasonable and supportable historic and forward-looking information, taking into account the recoverability of the cash flows. Management considers the above measures to be sufficient to control the credit risk exposure.

As at 31 December 2022, accrued gas sales outstanding from PT Donggi-Senoro LNG, the Company's largest customer were $13,562,146 (2021: $8,604,833). The balance due on the sales has been paid in full during January 2023 (2021: January 2022).

Interest rate risk
The Company is not exposed to interest rate risk on its financial assets. Cash and cash equivalents are held in non-interest-bearing accounts. The Company has no interest-bearing financial liabilities.

Management is satisfied with the Company's current level of interest rate risk exposure.

Foreign currency risk
The Company is exposed to foreign currency risk. The functional currency of the Company is US Dollar in which the Company's sales are denominated. Certain purchases are denominated in foreign currencies including pound sterling. The Directors believe that foreign currency risk is at an acceptable level, with bank accounts held in different currencies. The cost of hedging would outweigh the benefits.

FINANCIAL RISK MANAGEMENT (continued)

Commodity price risk
The Company is exposed to commodity price risk, namely the fluctuating price of a barrel of oil and unit of gas. Due to sales price contracts in place, and the value of the Company's oil sales during the year along with its projected future oil production, the Directors do not believe that it is necessary to hedge against potential oil price movements. The Directors monitor the price of gas on a regular basis, assessing the costs of production and benefits associated with hedging against future price movements.

The Company has entered a long-term gas supply contract with fixed volumes and variable pricing linked to the spot price of ammonia resulting in an embedded derivative. Further details of derivative financial instruments are disclosed in the notes to the financial statements, note 21.

During the year no other financial instruments were utilised.

STREAMLINED ENERGY AND CARBON REPORT (SECR)

The Company met the statutory de minimis exemption as their energy usage in the UK is less than 40,000kWh in the year. No disclosures have therefore been made.

CAPITAL STRUCTURE

The Company is entirely financed through equity extended from both of its shareholders. The Company requests further capital or debt funding for development and operating expenditure when the need arises.

DIRECTORS

The following Directors have held office to the date of signing these financial statements unless otherwise stated:

R Masui - appointed 10 May 2023
B S Cho - appointed 2 March 2023
H S Lee - appointed 2 March 2023
J Y An – appointed 7 September 2022 and resigned 2 March 2023
K Koizumi – appointed 1 September 2022
S Hamada – appointed 1 April 2022
H D Kim – appointed 15 February 2022 and resigned 2 March 2023
M Kasai – resigned 10 May 2023
J W Kim – appointed 15 February 2022 and resigned 7 September 2022
H Muraoka – resigned 1 September 2022
K Yamada – resigned 1 April 2022
D B Kim – resigned 15 February 2022
K W Kim – resigned 15 February 2022

There are no qualifying indemnities in place in respect of the Directors.

DIVIDENDS

During the year, the Company has not paid or proposed any dividends (2021: nil). No further dividends have been proposed or declared post year end.

SHARE CAPITAL REDUCTION

During the year, the Company's share capital reduced by a total of $188 million, resulting in capital of $95.9 million and $92.1 million being repaid to Mitsubishi Corporation and Korea Gas Corporation, respectively.

SUPPLIER PAYMENT POLICY

The Company's policy is to agree payment terms with all suppliers when establishing the terms of each business transaction and to abide by the agreed terms of payment.

POST BALANCE SHEET EVENTS

Other than the non-adjusting events as per note 25, there has been no other post balance sheet events between the year end and the date of this report.

GOING CONCERN

The Company is involved in the extraction of oil and gas from the Senoro-Toili Working Area. Initial capital and operational finance was provided by the Company's 51% ultimate parent company, Mitsubishi Corporation and the 49% shareholder, Korea Gas Corporation.

As at 31 December 2022 the Company had a cash balance of $22.9 million (2021: $135.6 million) and net current assets of $50.1 million (2021: $142.3 million). During 2022, the Company incurred a $113 million (2021: $122 million inflow) net cash outflow predominantly due to share capital reduction of $188 million (2021: $nil) to Mitsubishi Corporation and Korea Gas Corporation amounting to $95.9 million and $92.1 million, respectively. Net cash outflow was also incurred due to payment of signing bonus in relation to the extension PSC amounting to $10.7 million. These transactions drove the decrease in the cash balance held from the prior year of $135.6 million to $22.9 million at 31 December 2022.

Financial obligations at the balance sheet date consisted of operating costs and trade and other payables, including amounts due to Group undertakings and longer-term liabilities for the abandonment costs of facilities and wells in relation to the above oil and gas fields, amounting to $8.1 million (2021: $7.5 million). The Directors are satisfied that the Company will continue to generate sufficient future cash flows to meet its current obligations and operating costs for a minimum period of twelve months from the date of signing the financial statements.

After taking account of the factors noted above, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being at least twelve months from signing the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

AUDITOR

Each of the persons who is a Director 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 s418 of the Companies Act 2006.

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.

Approved by the Board of Directors and signed on behalf of the Board:

K Koizumi
On behalf of the Board of Directors

27 September 2023

Tomori E&P Limited

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare the 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 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). 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 the 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 is 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Tomori E&P Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOMORI E&P LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Tomori E&P 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 balance sheet;
- the statement of changes in equity;
- the cash flow statement;
- the statement of accounting policies; and
- the related notes 1 to 25.

The financial reporting framework that has been applied in their preparation is applicable law, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOMORI E&P LIMITED

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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOMORI E&P LIMITED

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

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 framework 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 include UK Companies Act, UK and Indonesian tax 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 the company's operating licence and environmental regulations.

We discussed among the audit engagement team including relevant internal specialists such as tax and valuations specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud related to the accuracy and completeness of revenue. As the company's revenue is calculated based on a Production Sharing Contract (PSC), there are risks relating to the complexity of the agreement, including that the revenue calculated for the period will not be calculated accurately or be complete. The risk in this area also includes consideration that management may manipulate the calculation fraudulently. We have performed substantive testing procedures to address the assertions through obtaining the original signed PSC, and ensuring via agreement to JV minutes that this remains the current governing document for the licence, undertaking a detailed review of the PSC contract, and performing a full recalculation of the company's revenue using lading documentation and invoices.

In addition, 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOMORI E&P LIMITED

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.

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.

William Brooks FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
27 September 2023

Tomori E&P Limited

INCOME STATEMENT
As at 31 December 2022 — Company Number: 07075945

	Notes	Year ended 31 December 2022 $	Year ended 31 December 2021 $
Revenue	1	206,160,427	101,987,559
Cost of sales		(56,562,546)	(43,891,426)
GROSS PROFIT		149,597,881	58,096,133
Administrative expenses	3	(2,300,744)	(2,516,105)
OPERATING PROFIT		147,297,137	55,580,028
Finance costs	5	(370,328)	(465,460)
Fair value movement on FVTPL derivative	10	16,762,593	54,279,565
Interest received	6	1,968,382	147,786
PROFIT BEFORE TAX		165,657,784	109,541,919
Tax	7	(84,687,456)	(56,818,245)
PROFIT FOR THE YEAR		80,970,328	52,723,674

All results in the current and prior financial year derive from continuing operations and are attributable to the equity holders of the parent company.

No separate statement of comprehensive income has been presented as no such gains or losses arose in the current or prior financial year.

The notes on pages 31 to 48 form part of these financial statements.

Tomori E&P Limited
STATEMENT OF FINANCIAL POSITION
For the year ended 31 December 2022 — Company Number: 07075945

	Notes	Year ended 31 December 2022 $	Year ended 31 December 2021 $
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	169,222,208	211,447,416
Other financial asset	9	5,669,094	5,390,150
Derivative financial instruments	10	80,873,558	64,110,965
Trade and other receivables	13	50,355	361,772
Deferred taxation asset	7	-	2,655,618
Intangible assets	14	10,684,000	-
Other non-current assets	15	758,000	-
TOTAL NON-CURRENT ASSETS		267,257,215	283,965,921
CURRENT ASSETS			
Inventory	11	1,362,072	1,920,741
Cash and cash equivalents	12	22,860,389	135,580,343
Trade and other receivables	13	53,930,497	24,248,330
TOTAL CURRENT ASSETS		78,152,958	161,749,414
TOTAL ASSETS		345,410,173	445,715,335
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Share capital	19	35,000,001	223,000,001
Retained earnings		216,650,799	135,680,471
TOTAL EQUITY		251,650,800	358,680,472
NON-CURRENT LIABILITIES			
Provisions	17	5,368,630	4,764,312
Lease liability	18	619,105	857,897
Deferred taxation liability	7	59,687,094	62,028,617
TOTAL NON-CURRENT LIABILITIES		65,674,829	67,650,826
CURRENT LIABILITIES			
Trade and other payables	16	3,952,710	5,196,058
Tax payable	7	20,422,827	10,559,934
Lease liability	18	956,398	875,436
Provisions	17	2,752,609	2,752,609
TOTAL CURRENT LIABILITIES		28,084,544	19,384,037
TOTAL LIABILITIES		93,759,373	87,034,683
TOTAL EQUITY AND LIABILITIES		345,410,173	445,715,335

The notes on pages 31 to 48 form part of these financial statements. The financial statements of Tomori E&P Limited were approved by the Board of Directors and authorised for issue on 27 September 2023 and are signed on its behalf by:

K Koizumi
Director

Tomori E&P Limited
STATEMENT OF CHANGES IN EQUITY
As at 31 December 2022 Company Number: 07075945

	Share capital $	Retained earnings $	Total equity $
At 1 January 2021	223,000,001	82,956,797	305,956,798
Total comprehensive income for the year	-	52,723,674	52,723,674
At 31 December 2021	223,000,001	135,680,471	358,680,472
Total comprehensive income for the year	-	80,970,328	80,970,328
Share capital reduction (note 19)	(188,000,000)	-	(188,000,000)
At 31 December 2022	35,000,001	216,650,799	251,650,800

The notes on pages 31 to 48 form part of these financial statements.

Tomori E&P Limited
STATEMENT OF CASH FLOWS
For the year ended 31 December 2022

	Notes	Year ended 31 December 2022 $	Year ended 31 December 2021 $
OPERATING ACTIVITIES:			
Net cash generated by operations	20	110,348,071	43,977,618
Net cash from operating activities		110,348,071	43,977,618
INVESTING ACTIVITIES:			
Purchase of development assets	8	(181,897)	(527,493)
Purchase of other financial assets	9	(278,944)	(338,451)
Payment of signing bonus	14	(10,684,000)	-
Issuance of performance bond	15	(758,000)	-
Addition of loan to MCFC Asia	13	(202,100,000)	(222,620,954)
Receipt of repayment of loan to MCFC Asia	13	178,100,000	302,475,254
Interest received	6	1,968,382	147,786
Net cash (used in)/from investing activities		(33,934,459)	79,136,142
FINANCING ACTIVITIES:			
Share capital reduction	19	(188,000,000)	-
Interest paid on lease liabilities	18	(123,783)	(133,217)
Repayment of lease liabilities	18	(1,009,783)	(923,194)
Net cash used in financing activities		(189,133,566)	(1,056,411)
Net change in cash and cash equivalents		(112,719,954)	122,077,349
Cash and cash equivalents at beginning of year		135,580,343	13,502,994
Cash and cash equivalents at end of year	12	22,860,389	135,580,343

The notes on pages 31 to 48 from part of these financial statements.

The principal accounting policies are summarised below. These policies have all been applied consistently throughout the current and prior financial year.

GENERAL INFORMATION

Tomori E&P Limited is a Company limited by shares and registered in England and Wales, and incorporated in the United Kingdom, under the Companies Act 2006. The address of the registered office is given on page 1 of this report. The nature of the Company's operations and its principal activities are set out on page 8 of this report.

BASIS OF PREPARATION

The financial statements have been prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards ('IFRS'), as adopted by the International Accounting Standards Board (IASB), as applied in accordance with the provisions of the Companies Act 2006 applicable to Companies reporting under IFRS.

The financial statements have been prepared on the historical cost basis, except financial instruments that are measured at reduced amounts or fair values at the end of each period, as explained in the accounting policies below.

GOING CONCERN

As at 31 December 2022 the Company had a cash balance of $22.9 million (2021: $135.6 million) and net current assets of $50.1 million (2021: $142.3 million). During 2022, the Company incurred a $113 million (2021: $122 million inflow) net cash outflow predominantly due to share capital reduction of $188 million (2021: $nil) to Mitsubishi Corporation and Korea Gas Corporation amounting to $95.9 million and $92.1 million, respectively. Net cash outflow was also incurred due to payment of signing bonus in relation to the extension PSC amounting to $10.7 million. These transactions drove the decrease in the cash balance held from the prior year of $135.6 million to $22.9 million at 31 December 2022.

Financial obligations at the balance sheet date consisted of operating costs and trade and other payables, including amounts due to Group undertakings and longer-term liabilities for the abandonment costs of facilities and wells in relation to the above oil and gas fields, amounting to $8.1 million (2021: $7.5 million). The Directors are satisfied that the Company will continue to generate sufficient future cash flows to meet its current obligations and operating costs for a minimum period of twelve months from the date of signing the financial statements.

After taking account of the factors noted above, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being at least twelve months from signing the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

ADOPTION OF NEW AND AMENDED STANDARDS

Amendments to IFRSs that are mandatorily effective for the current year.

In the current year, the Company adopted the following new and amended standards. The application of these standards has had no impact on the financial statements.

ADOPTION OF NEW AND AMENDED STANDARDS (continued)

Amendments to IFRS 3	Business Combinations
Amendments to IAS 16	Property, Plant and Equipment
Amendments to IAS 37	Provisions, Contingent Liabilities and Contingent Assets
Annual improvements to IFRS 1	First-time Adoption of IFRS
Annual improvements to IFRS 9	Financial Instruments
Annual improvements to IAS 41	Agriculture
Annual improvements to Illustrative Examples accompanying IFRS 16	Leases

New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, the company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

IFRS 17	Insurance Contracts
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
Amendment to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 16	Leases on Sale and Leaseback

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.

REVENUE RECOGNITION

Revenue for the Company is measured at the fair value of the consideration received or receivable and represents amounts receivable for the sale of oil condensate and gas, stated net of value added taxes.

Oil revenue represents the sales value of the Company's liftings in the year. Revenue is recognised when oil is lifted, being the point at which control is passed to the customer. The sale price is based on the Indonesian Crude Price in line with industry practice and existing contractual agreements.

Gas and gas derivatives revenue represents the sales value, of the Company's gas sales in the year. Revenue is recognised when gas is delivered to the metering station, being the point at which control is passed to the customer. The sales price is based on an agreed Japan Customs-cleared Crude pricing formula for which approval from the Government of Indonesia is obtained.

The Company satisfies the performance obligation of oil condensate and gas sales at a point in time, i.e. when the customer has taken control of the oil condensate or gas, which is typically when title transfers and the customer has assumed the risks and rewards of ownership.

REVENUE RECOGNITION (continued)

The Company recognises revenue on the basis of its participating interest (entitlement method). Under the entitlement method, revenue reflects the participant's share of production regardless of which participant has actually made the sale and invoiced the production. The excess of product sold during the period over the participant's ownership share of production from the property is recognised by the overlift party as a liability and not as revenue. Conversely, the underlift party would recognise a receivable and report corresponding revenue.

FUNCTIONAL AND PRESENTATIONAL CURRENCIES

The financial statements are presented in US dollar which is also the functional currency of the Company.

OIL AND GAS ASSETS

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms and the drilling of development wells, including unsuccessful development or delineation wells, is capitalised within property, plant and equipment in single field cost centres. All expenditure carried within each field is depreciated from the commencement of production on a unit of production basis in accordance with the Company's Depreciation and amortisation accounting policy.

Where there is an indicator of a possible impairment in a discovery field, the recoverability of the net book value relating to that field is assessed by comparison with the estimated discounted future cash flows based on management's expectations of future oil and gas prices and future costs. Where there is evidence of economic interdependency between fields, such as common infrastructure, the fields are grouped as a single cash generating unit for impairment purposes. Further details are in the Property Plant & Equipment accounting policy.

OVER/UNDERLIFT

Lifting arrangements are such that the Company may not receive and sell its precise share of its entitled overall production in each period. The resulting imbalance between cumulative entitlement and cumulative production less stock is 'underlift' or 'overlift'. Underlift and overlift are valued at market value and included within trade and other receivables and trade and other payables respectively. Movements during an accounting period are adjusted through cost of sales such that gross profit is recognised on an entitlement basis.

INVENTORY

Petroleum products are valued at the lower of cost and net realisable value except for oil inventory which is held at fair value. Condensate inventory and warehouse inventory are both valued at the lower of cost and net realisable value.

COMMERCIAL RESERVES

Commercial reserves are proved oil and gas reserves, which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible. There should be a 90% statistical probability that the actual quantity of recoverable reserves will be more than the amount estimated as proven reserves and a 10% statistical probability that it will be less.

DEPRECIATION AND AMORTISATION

Total contracted quantities are used for the amortisation of ongoing capital expenditure. All expenditure carried within each field is amortised from the commencement of production on a unit of production basis, which is the ratio of oil and gas production in the period, to the total contractual quantities at the start of the period, generally on a field-by-field basis. Costs used in the unit of production calculation comprise the net book value of capitalised costs.

DECOMMISSIONING PROVISION

Liabilities for decommissioning costs are recognised when the Company has an obligation to 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. An obligation for decommissioning may also crystallise during the period of operation of a facility through a change in legislation or through a decision to terminate operations.

The amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements. A corresponding item of property, plant and equipment of an amount equivalent to the provision is also created and depreciated in line with the Company's depreciation and amortisation policy.

Other than the unwinding discount on the provision, any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the corresponding item of property, plant and equipment. The unwinding of the discount is included within finance costs.

OTHER PROVISIONS

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised within finance costs.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation on the gas plant will not begin until the plant has been completed.

Depreciation is provided on fixtures and fittings on a straight-line basis over five years.

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income. Costs of testing the property, plant and equipment assets for functionality have been capitalised after deducting the net proceeds from test sales produced in bringing the asset to that location and condition.

INTANGIBLE ASSETS

Intangible assets consist of signing bonus as a result of entering the Extension PSC Contract in 2022. The extension will be effective in 2027, hence the intangible assets is not yet amortised as at 31 December 2022.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

At each Statement of Financial Position 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 the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where there has been a change in economic conditions that indicate a possible impairment in a cash-generating unit, the recoverability of the net book value relating to that field is assessed by comparison with the estimated discounted future cash flows based on management's expectations of future oil and gas prices and future costs.

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.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT (continued)

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

Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit to the income statement, net of any depreciation that would have been charged since the impairment.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are initially recognised at fair value at the grant date and are subsequently measured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

The Company has entered into a long-term gas supply contract with fixed volumes and variable pricing linked to the average of weekly averaged price, of the respected week's highest and lowest ammonia price resulting in an embedded derivative. Further details of derivative financial instruments are disclosed in note 19.

Embedded derivatives are presented as a non-current asset or a non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realised or settled within 12 months. Other embedded derivatives are presented as current assets or current liabilities.

FOREIGN EXCHANGE

Transactions denominated in foreign currencies are translated into the functional currency using the exchange rates prevailing at the date of invoice. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are retranslated at the rates ruling at that date. Translation differences are recognised in the income statement.

TAX

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

The tax 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 by using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon tax rates that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

TAX (continued)

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 (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each statement of financial position 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.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the statement of financial position when the Company has become a party to the contractual priorities of the instrument. Financial instruments are classified into specified categories dependent upon the nature and purpose of the instruments and are determined at the time of initial recognition. All financial assets are recognised as loans and receivables and all financial liabilities are recognised as other financial liabilities.

IFRS 9 requires the classification of financial assets to be determined by a contractual cash flows test referred to as "Solely Payment of Principal and Interest" (SPPI) and a business model test. Financial assets that fail the SPPI test will be measured at Fair value through the income statement. For assets passing the SPPI test, a business model test assesses the objective of holding the asset. The business model test for financial assets can be summarised as follows:

- Financial assets will be measured at amortised cost if they are held within a business model where the objective is to hold financial assets in order to collect contractual cash flows ("Hold to collect" business model).
- Financial assets will be measured at fair value through other comprehensive income if they are held within a business model where the objective is achieved by both collecting contractual cash flows and selling financial assets ("Hold to collect and sell" business model).
- Financial assets will be measured at fair value through the income statement if they do not meet the business model criteria of either "Hold to collect" or "Hold to collect and sell".

Entities also have the option to designate a financial asset as measured at fair value through the income statement if doing so eliminates or significantly reduces a measurement or recognition inconsistency (accounting mismatch).

Financial assets and financial liabilities are recognised on the statement of financial position when the Company has become a party to the contractual priorities of the instrument.

Impairment
IFRS 9 introduces a new impairment model that requires the recognition of expected credit losses on all financial assets at amortised cost or at fair value through other comprehensive income (other than equity instruments), lease receivables and certain loan commitments and financial guarantee contracts. The expected credit loss must also consider forward looking information to recognise impairment allowances earlier in the lifecycle of a product. IFRS 9 consequently is likely to increase the volatility of impairment allowances as the economic outlook changes, although cash flows and cash losses are expected to remain unchanged.

IFRS 9 introduces a three-stage approach to impairment as follows:
Stage 1 – Performing loans – the recognition of 12 month expected credit losses (ECL), that is the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date, if credit risk has not increased significantly since initial recognition;
Stage 2 – Underperforming loans – lifetime expected credit losses for financial instruments for which credit risk has increased significantly since initial recognition; and

FINANCIAL INSTRUMENTS (continued)

Impairment (continued)
Stage 3 – Non-performing loans – lifetime expected credit losses for financial instruments which are credit impaired.

The impairment requirements are applied by reference to the credit quality at initial recognition. Where actual information on credit quality at initial recognition is not available without undue cost or effort, an approximation may be applied using internal or external information, information about similar assets, or peer group experience. Otherwise, where information on initial credit quality is not available lifetime expected credit losses must be recognised until the financial assets have been derecognised.

Trade and other receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Interest income is recognised by applying the effective interest rate, except for short-term recoverables when the recognition of interest would be immaterial. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances in current accounts.

Trade and other payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. Trade and other payables are recognised initially at fair value and subsequently measured at their amortised cost using the effective interest rate method.

Financial liabilities and equity
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

LEASES

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases, where the decision about how and for what purpose the asset is used as predetermined, the Company has the right to direct the use of the asset if either:
- The Company has the right to operate the asset; or
- The Company designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to all contracts that have been entered into.

LEASES (continued)

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease is measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company change its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities separately in the statement of financial position. The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, which are less than $5,000. The Company recognises the lease payment associated with these leases as an expense on a straight-line basis over the lease term.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates, assumptions and judgements which can have a significant impact on the financial statements.

Key estimate: Carrying value of property, plant and equipment

Management have taken the view to recognise depreciation and amortisation for oil and gas assets on a unit of production basis, using the ratio of oil and gas production respectively in the year to the total contractual quantities at the end of the year plus production in the year, generally on a field-by-field basis.

The Extended PSC Contract for the period from 4 December 2027 until 3 December 2047 received final approval during the year. However, the company has not yet signed a gas sales contract in relation to this PSC term. As a result, reserves and resources related to this period of potential production are not yet considered commercial. Once a new gas sales contract is signed, the company will consider the depreciation method to be applied to PP&E and the signing bonus (see note 14) from that point.

Key estimate: Valuation of decommissioning costs

The decommissioning provision represents the present value of decommissioning costs relating to the Company's oil and gas interests in the Senoro and Tiaka fields, which are expected to be incurred up until 2027. Decommissioning costs have been estimated by an independent team of experts. Assumptions, based on the current economic environment have been made, which management believe are a reasonable basis on which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. Actual decommissioning costs, however, will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend upon when the fields cease to produce at economically viable rates. This timing is currently aligned with the timing of commercial reserves under the terms of the current PSC and gas sales contract. The estimate of decommissioning timing will be re-evaluated once a new gas sales contract relating to the Extended PSC Contract term has been signed.

Key estimate: Fair value of derivative financial instrument

A non-current asset derivative financial instrument has been recognised in relation to a contract for long-term gas supply with fixed volumes and price variability linked to the price of ammonia. The values of cash flows received under the contract therefore change based on the average of weekly averaged price, of the respected week's highest and lowest price of ammonia. IFRS 9 requires any embedded derivatives to be separated from its host contract if it is not closely related to the host contract. The Company considers that the host in the gas sales contact is a non-financial item, being a sales contract, but that an embedded derivative relating to ammonia pricing variability should be separated and reported at fair value.

This clause has been fair valued using a Monte-Carlo simulation model. The key inputs to the model include future expected sale volumes, future expected ammonia prices, and the model adopts a volatility prediction using 3,000 iterations of forecast pricing outcomes. The annual return volatility rate was used based on historical monthly ammonia prices and a risk-free rate was based on 5-year yield rate of Indonesia Sovereign Curve denominated in USD as of 30 December 2022. The rate is extracted from Bloomberg database. The benchmark prices were taken from Fetercon and Argus report at the year-end date. The model was also discounted expectation from cash flow pay-off based on credit risk of the counterparty.

Judgements in determining the timing of satisfaction of performance obligations in accordance with IFRS 15

Judgement is required in determining the timing of satisfaction of performance obligations. Oil revenue is recognised when oil is lifted and invoiced, being the point at which control is passed to the customer.

Gas revenue is recognised when gas is delivered to the metering station being the point at which control is passed to the customer.

COMPARATIVES

Comparative figures are restated in the event of a change in accounting policy or prior period error or where restatement results in a more meaningful comparison to current year figures. Where comparative figures are re-presented, this entails a reclassification of transactional items and account balances with no ultimate net effect on the income statement or financial position.

1 REVENUE

	Year ended 31 December 2022 $	Year ended 31 December 2021 $
Oil condensate sales	27,660,571	19,443,689
Gas sales	178,499,856	82,543,870
Total revenue	206,160,427	101,987,559

All oil condensate and gas sales in the year totalling $206,160,427 (2021: $101,987,559) were made in Indonesia. The increase in revenue was caused by an increase of oil condensate and gas price per volume throughout 2022, compared to volume and price in 2021.

2 PROFIT BEFORE TAX

	Year ended 31 December 2022 $	Year ended 31 December 2021 $
The profit before tax for the year has been arrived at after charging/(crediting)		
Net foreign exchange (gain)	(177,067)	(64,718)
Administration expenses (note 3)	2,300,744	2,516,105
Depreciation and amortisation (note 8)	43,820,408	30,476,578
Fair value movement on FVTPL derivative (note 10)	(16,762,594)	(54,279,565)
Auditor's remuneration (see below)	172,827	156,043
Staff costs (note 4)	291,653	248,294

The depreciation and amortisation charge of $43,820,408 (2021: $30,476,579) is included within cost of sales in the income statement.

Amounts payable to Deloitte LLP and its related entities, in respect of both audit and non-audit services are set out below:

	Year ended 31 December 2022 $	Year ended 31 December 2021 $
Fees payable to the auditor for the statutory audit of the Company accounts	172,827	156,043

No non-audit fees were paid to the Company auditor during the year (2021: $nil).

3 ADMINISTRATIVE EXPENSES

	Year ended 31 December 2022 $	Year ended 31 December 2021 $
Service fees payable	1,903,212	2,065,977
Legal and professional fees	224,705	294,085
Fee for the audit of the Company	172,827	156,043
Total administrative expenses	2,300,744	2,516,105

Services fees payable resulted from annual service charges paid to PT Medco of $150,000 (2021: $150,000) and service recharges from Mitsubishi Corporation of $1,753,212 (2021: $1,915,977) for services provided to the Company.

4 STAFF COSTS

The Directors did not receive any remuneration for their services during the year and prior year, but were remunerated through related party undertakings. During the year, these related party undertakings charged a total of $291,653 (2021: $248,294) for services provided by the Directors of the Company, undertaken during their Directorships.

The average monthly number of employees (all management personnel) during the year was:

	Year ended 31 December 2022 No.	Year ended 31 December 2021 No.
Management	5	5

5 FINANCE COSTS

	Year ended 31 December 2022 $	Year ended 31 December 2021 $
Unwinding the discount on decommissioning provisions (note 17)	166,751	321,929
Interest charges on lease liabilities	123,783	133,217
Bank charges	79,794	10,314
Total finance costs	370,328	465,460

6 INTEREST RECEIVED

	Year ended 31 December 2022 $	Year ended 31 December 2021 $
Interest received	1,968,382	147,786

Further details of interest received from loan receivables to MC Finance and Consulting Asia are provided in note 22.

7 TAX

	Year ended 31 December 2022 $	Year ended 31 December 2021 $
Tax payable		
Corporate income tax payable	20,442,827	10,559,934
Analysis of tax charge in the year		
Current tax:		
UK Corporation tax:		
Current tax on income for the year	-	-
Double taxation relief	-	-
Foreign tax:		
Current tax on income for the year	84,373,361	36,898,555
Total current tax	84,373,361	36,898,555
Deferred tax:		
Origination and reversal of temporary differences	314,095	19,919,690
Total deferred tax	314,095	19,919,690
Total tax charge	84,687,456	56,818,245

	Year ended 31 December 2022 $	Year ended 31 December 2021 $
Factors affecting tax charge for the year:		
The tax rate assessed for the year is higher than the UK corporation tax rate of 19% (2021: 19%) as explained below:		
Profit before taxation	165,657,784	109,541,919
Profit before taxation multiplied by the UK corporation tax rate of 19% (2021: 19%)	31,474,979	20,812,964
Explained by:		
Expenses not deductible for tax purposes and other adjustments	8,123,378	5,587,199
Difference between overseas and UK tax rate	41,414,446	27,385,480
Tax arising on ROU asset	27,390	(29,430)
Other	3,647,263	3,062,032
Tax charge for the year	84,687,456	56,818,245

The Finance Act 2020 sets the UK Corporation Tax main rate at 19% for the financial year beginning 1 April 2021. The UK tax rate has no impact to the Company as taxation calculation is based on Indonesian tax regulations, with Corporate Income Tax rate at 30% and Branch Profit Tax rate at 20%, thus total applicable tax rate in Indonesia at 44%.

7 TAX (continued)

Future tax rate change

On the 3 March 2021 it was announced in the UK budget that the UK non-ring fence corporation tax rate will increase from 19% to 25% with effect from April 2023. The Company do not currently recognise any deferred tax assets in respect of UK non-ring fence tax losses and therefore this rate change did not impact the disclosed results.

The different corporation tax rates on Company profits in the UK and Indonesia have also been accounted for in the above calculation.

Deferred taxation liabilities	Year ended 31 December 2022 $	Year ended 31 December 2021 $
Difference between accumulated depreciation and amortisation and capital allowances	(26,944,570)	(33,819,793)
Derivative financial instruments	(35,584,367)	(28,208,824)
	(62,528,937)	(62,028,617)
Deferred taxation assets		
Decommissioning asset and provision	2,821,492	2,607,877
Right of use asset	20,351	47,741
	2,841,843	2,655,618
Total deferred taxation	(59,687,094)	(59,372,999)

The deferred taxation assets will expire in 2027.

The movements during the year of the above liabilities are as follows:

	Capital allowances $	Derivative financial instruments $	Right-of-use asset $	Decommissioning asset $	Total $
At 1 January 2021	(37,522,693)	(4,325,816)	18,165	2,376,889	(39,453,455)
Movement in the year	3,702,900	(23,883,008)	29,576	230,988	(19,919,544)
At 31 December 2021	(33,819,793)	(28,208,824)	47,741	2,607,877	(59,372,999)
Movement in the year	6,875,223	(7,375,543)	(27,390)	213,615	(314,095)
At 31 December 2022	(26,944,570)	(35,584,367)	20,351	2,821,492	(59,687,094)

8 PROPERTY, PLANT AND EQUIPMENT

	Gas plant	Development & Decommissioning assets	Fixtures & Fittings	Right of use assets	Total
	$	$	$	$	$
Cost:					
At 1 January 2021	94,747,490	351,596,629	289,807	3,760,542	450,394,468
Additions	782,797	9,153	-	-	791,950
Adjustment to carrying value	(264,407)	144,216	-	(875)	(121,066)
At 31 December 2021	95,265,880	351,749,998	289,807	3,759,667	451,065,352
Additions	407,899	81	-	975,736	1,383,716
Adjustment to carrying value	(209,618)	421,102	-	-	211,484
Disposal	-	-	-	(820,619)	(820,619)
At 31 December 2022	95,464,161	352,171,181	289,807	3,914,784	451,839,933
Depreciation:					
At 1 January 2021	43,523,157	164,329,681	289,807	998,589	209,141,234
Depreciation during the year	6,342,511	23,063,800	-	1,070,267	30,476,578
Adjustment from prior years	-	-	-	124	124
At 31 December 2021	49,865,668	187,393,481	289,807	2,068,980	239,617,936
Depreciation during the year	9,268,361	33,486,260	-	1,065,787	43,820,408
Disposal	-	-	-	(820,619)	(820,619)
At 31 December 2022	59,134,029	220,879,741	289,807	2,314,148	282,617,725
Net book value:					
31 December 2022	36,330,132	131,291,440	-	1,600,636	169,222,208
31 December 2021	45,400,212	164,356,517	-	1,690,687	211,447,416

9 OTHER FINANCIAL ASSET

	Decommissioning fund $
Cost:	
At 1 January 2021	5,051,699
Additions	338,451
At 31 December 2021	5,390,150
Additions	278,944
At 31 December 2022	5,669,094
Net book value:	
31 December 2022	5,669,094
31 December 2021	5,390,150

The other financial asset represents monies paid in advance for future decommissioning obligations. The monies are administered in a fund by elected Trustees on behalf of the Company. See note 17 to these financial statements for further information.

10 DERIVATIVE FINANCIAL INSTRUMENTS

	Year ended 31 December 2022 $	Year ended 31 December 2021 $
Financial assets carried at fair value through profit or loss (FVTPL):		
Long-term sales contract	80,873,558	64,110,965

A non-current asset derivative financial instrument has been recognised in relation to a contract for long-term gas supply with fixed volumes and price variability linked to the price of ammonia. An embedded derivative has been recognised in relation to this contract and separately valued with the fair movement between periods recognised through the income statement.

On 11 Jan 2018, the Company entered a gas sales contract with PT Pancara Amara Utama ("PAU"). The maximum contract capacity is 248,200 MMSCFD, with minimum and maximum daily order of 55 MMSCFD and 62 MMSCFD, respectively. The ammonia price is based on average of weekly average price of the respected week's highest and lowest prices, floored at $4 MMBTU.

Fair value movement of derivative financial instruments recognised in profit or loss for the year ending 31 December 2022 was a gain of $16,762,593 (2021: $54,279,565). The increase in the fair value of the derivative asset in the year relates to the more favourable outlook of ammonia price movement compared to the prior year ammonia price forecast. Further details of derivative financial instruments are provided in note 21.

11 INVENTORY

	Year ended 31 December 2022 $	Year ended 31 December 2021 $
Warehouse inventory	1,362,072	1,371,789
Condensate inventory	-	472,036
Oil inventory	-	76,916
	1,362,072	1,920,741

The movement of inventories recognised in the statement of profit or loss during the year in respect of continuing operations was $548,951 – expense (2021: $388,609 – income).

12 CASH AND CASH EQUIVALENTS

	Year ended 31 December 2022 $	Year ended 31 December 2021 $
Cash and cash equivalents	22,860,389	135,580,343

The Directors consider that the carrying amount of cash and cash equivalents approximates to their fair value. Of the Company's cash and cash equivalents at 31 December 2022, $19,072,176 (2021: $134,555,728) is held with the Bank of Tokyo Mitsubishi UFJ Ltd, which is a non-interest-bearing account. Please refer to the going concern section for the movement of cash and cash equivalents.

The amount of cash and cash equivalents denominated in currencies other than US Dollars are shown in note 21 to these financial statements.

13 TRADE AND OTHER RECEIVABLES

	Year ended 31 December 2022 $	Year ended 31 December 2021 $
Due within one year:		
Prepayments and accrued income	28,255,987	22,061,906
Loan receivable from group undertaking	24,000,000	-
Receivable from government	1,628,789	1,605,969
Other receivables	45,721	580,455
	53,930,497	24,248,330
Amounts falling due after one year:		
Receivable from government	50,355	361,772
	50,355	361,772

On 29 November 2018, the Company entered a revolving loan facility agreement with MC Finance & Consulting Asia Pte. Ltd., a 100% financing subsidiary of the parent Company, to provide a facility up to $120 million. The loan receivable was repayable on demand and the interest was based on the rate per annum which is the sum of the margin of minus 0.06% and Libor on the quotation date. The facility had a term of one year with annual automatic renewal and the repayment was fully guaranteed by the parent Mitsubishi Corporation. On 18 April 2019, the agreement was amended to increase the revolving loan facility up to $180 million. As at 31 December 2022, the loan was fully repaid, with accumulated placement and repayment of $178 million.

13 TRADE AND OTHER RECEIVABLES (continued)

On 7 September 2022, the Company entered into a revolving loan facility agreement with MC Finance and Consulting Asia Pte. Ltd., to provide a facility up to $180 million. The interest was based on the rate per annum which is the aggregate of the applicable margin and the reference rate by MC Finance & Consulting Asia Pte. Ltd. The reference rate used by MC Finance & Consulting Asia Pte. Ltd. is the Secured Overnight Financing Rate ("SOFR"). The facility had a term of one year with annual automatic renewal and the repayment was fully guaranteed by the parent Mitsubishi Corporation. As at 31 December 2022, the loan receivable has outstanding balance of $24 million and no repayment has been made.

The amount receivable from the government relates to VAT due to the Operator from the Indonesian Government which is reimbursable for previous expenditure on development assets. The amount outstanding is considered recoverable over 2023 and 2024. The amount which has not been applied for in 2022 has been recognised as non-current receivables as per the table above and will be applied for and recovered in 2023 and 2024.

Included in prepayments and accrued income are amounts related to the gas sales accrued income at 31 December 2022 of $16,528,265 (2021: $11,880,119) and and condensate sales accrued income of $11,720,501 (2021: $10,181,787). All condensate sales in the current year are recognised at the Company's agreed PSC amount of 20%.

The amount of trade and other receivables denominated in currencies other than US Dollars are shown in note 21 to these financial statements. Further information related to loan receivable from MC Finance & Consulting Asia Pte. Ltd are described in note 22.

14 INTANGIBLE ASSETS	**Year ended 31 December 2022**	**Year ended 31 December 2021**
	$	**$**
Signing bonus	10,684,000	-
	10,684,000	-

Intangible assets consisted of signing bonus payment to Directorate General of Oil and Gas amounting to $10,684,000, as a result of the Company entering the Extension PSC Contract in 2022, which will be effective in 2027.

The amounts are not currently being depreciated as they relate to future periods of production and are not allocated to PP&E pending signing of a new gas sales contract. See note 2 Critical Accounting Judgements and Key Sources of Estimation Uncertainty.

15 OTHER NON-CURRENT ASSETS	**Year ended 31 December 2022**	**Year ended 31 December 2021**
	$	**$**
Performance bond	758,000	-
	758,000	-

Other non-current assets consisted of issuance of performance bond to $758,000 respectively, as a result of the Company entering the Extension PSC Contract in 2022, which will be effective in 2027.

16 TRADE AND OTHER PAYABLES

	Year ended 31 December 2022 $	Year ended 31 December 2021 $
Gas overlift liability	391,447	633,841
Amounts owed to group companies	366,995	334,750
Oil overlift liability	317,149	476,879
Accruals and deferred income	288,906	270,321
Other payables	2,588,213	3,480,267
	3,952,710	5,196,058

The Directors considered that the carrying amounts of trade and other payables are approximate to their fair values. Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 30 days (2021: 30 days).

The other payables balance includes an amount relating to project accruals for capital expenditure of $2,585,306 (2021: $3,445,307) and a balance of $nil (2021: $nil) representing working capital due to the operators of the Senoro-Toili production sharing contract. By its nature, the working capital includes both payable and receivable amounts which are netted off to arrive at the final liability position.

The amount of trade and other payables denominated in currencies other than US Dollars are shown in note 21 to these financial statements.

The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe and no interest has been charged by any suppliers as a result of late payment of invoices during the year.

17 PROVISIONS

	Decommissioning $
At 1 January 2021	7,050,726
Unwinding of discount	321,929
Changes to estimates	144,266
At 1 January 2022	7,516,921
Unwinding of discount	166,751
Changes to estimates	437,567
At 31 December 2022	8,121,239

Decommissioning provision

The decommissioning provision represents the present value of decommissioning costs relating to the Company's oil and gas interests in the Senoro and Tiaka fields, which are expected to be incurred up until 2027. Decommissioning costs have been estimated by an independent team of experts. Assumptions, based on the current economic environment have been made, which management believe are a reasonable basis on which to estimate the future liability.

These estimates are reviewed regularly to take into account any material changes to the assumptions. Actual decommissioning costs, however, will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend upon when the fields cease to produce at economically viable rates. This in turn will depend upon future oil prices which are inherently uncertain.

17 PROVISIONS (continued)

The decommissioning provision has been calculated using a discount rate of 4.0% (2021: 3.5%) and an inflation rate of 4.21% (2021: 1.56%). The costs are generally expected to be incurred approximately in 0 to 7 years dependent on the asset (2021: 1 to 6 years). In the future the Company will be making contributions to the expected cost each year.

The Company has to date, made payments of $5,669,094 (2021: $5,390,150) into a decommissioning fund held in escrow to cover the eventual expected cost of decommissioning. This amount is shown within these financial statements as an 'other financial asset' in note 9.

18 LEASE LIABILITIES

Lease liabilities

	2022	**2021**
	$	**$**
Beginning balance	1,733,333	2,789,744
Additions	975,736	-
Interest expense	123,783	133,217
Repayments	(1,154,272)	(1,136,597)
Gain on foreign exchange	(103,077)	(53,031)
Ending balance	1,575,503	1,733,333
Less: current portion	956,398	875,436
Non-current portion	619,105	857,897

19 SHARE CAPITAL

	Year ended 31 December 2022	**Year ended 31 December 2021**
	$	**$**
Authorised:		
Ordinary share capital: 1 deferred sterling share of $1	1	1
Ordinary share capital: 35,000 (2021: 223,000) US $ ordinary shares of $1,000 each	35,000,000	223,000,000
Allotted, issued and paid:		
1 deferred sterling share of $1	1	1
35,000 (2021: 223,000) US $ ordinary shares of $1,000 each	35,000,000	223,000,000
	35,000,001	223,000,001

The movement on the US Dollars ordinary shares in the year is shown below:

	Year ended 31 December 2022	**Year ended 31 December 2021**
	$	**$**
At 1 January	223,000,000	223,000,000
Share reduction during the year	(188,000,000)	-
At 31 December	35,000,000	223,000,000

19 SHARE CAPITAL (continued)

On 30 November 2022, the Company passed a special resolution whereby it cancelled and extinguished 188,000 Ordinary shares of $1,000 each at par, for total consideration of $188,000,000, which resulted in payments to Mitsubishi Corporation amounting to $95,880,000, and payments to Korea Gas Corporation amounting to $92,120,000.

The two different types of issued share capital have the same rights except that:

- there are no rights under the deferred sterling shares to vote at a general meeting or by way of written resolution;
- there are no rights under the deferred sterling shares to receive any dividends; and
- on any distribution of assets by the Company or a liquidator, the deferred sterling shares shall rank after the US Dollars ordinary shares and shall only be entitled to the repayment of the nominal value paid up on each such share.

20 NOTES TO THE STATEMENT OF CASH FLOWS

	Year ended 31 December 2022 $	**Year ended 31 December 2021 $**
Profit for the year before tax	165,657,784	109,541,919
Finance income	(1,968,382)	(147,786)
Unwinding of discount	166,751	321,928
Fair value movement on FVTPL derivative	(16,762,593)	(54,279,565)
Depreciation and amortisation charges for the year	43,820,408	30,476,579
Cash flows before movements in working capital	190,913,968	85,913,075
(Decrease)/increase trade and other payables	(383,347)	760,595
Increase in trade and other receivables	(6,230,750)	(10,139,340)
Decrease/(increase) in inventories	558,669	(388,141)
	184,858,540	76,146,189
Payment of corporate income tax	(74,510,469)	(32,148,571)
Net cash generated by operations	110,348,071	43,997,618

21 FINANCIAL INSTRUMENTS

The Company is exposed to the risks that arise from its use of financial instruments. This note describes the objectives, policies and processes of the Company for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

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 stakeholders. The Company is funded by both of its shareholders through equity financing.

The capital structure of the Company consists of cash and cash equivalents and equity, comprising issued capital and retained profits.

The Company has no externally imposed capital requirements.

21 FINANCIAL INSTRUMENTS (continued)

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in the accounting policies section of these financial statements.

Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Trade and other receivables;
- Trade and other payables;
- Cash and cash equivalents; and
- Other non-current financial assets.

Categories of financial instruments

At 31 December 2022, the Company held the following financial assets:

	Year ended 31 December 2022 $	Year ended 31 December 2021 $
Loan receivable from MC Finance & Consulting Asia Pte Ltd.	24,000,000	-
Cash and cash equivalents (level 1)	22,860,389	135,580,343
Trade and other receivables	16,529,867	11,889,109
Prepaid and accrued income	11,727,722	10,181,787
Other financial asset	5,669,094	5,390,150
Performance bond	758,000	-
	81,545,072	163,041,389
Fair value through profit and loss		
Derivative financial instrument (level 3)	80,873,558	64,110,965

At 31 December 2022, the Company held the following financial liabilities:

	Year ended 31 December 2022 $	Year ended 31 December 2021 $
Other payables	2,588,213	3,480,267
Gas overlift liability	391,447	633,841
Amounts owed to group companies	366,995	334,750
Oil overlift liability	317,149	476,879
Accruals and deferred income	288,906	270,321
	3,952,710	5,196,058

21 FINANCIAL INSTRUMENT (continued)

Fair value measurements
The information set out below provides information about how the Company determines fair values of various financial assets and financial liabilities.

The following table provides an analysis of 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).

The derivative financial contract is a level 3 valuation as there are no quotes prices for the long-term gas supply contract. As a result the derivative has been valued using the Monte-Carlo simulation with 3,000 iterations to anticipate ammonia prices to provide a valuation of the contact

All financial instruments, except derivatives, are defined as any contract that gives rise to both the recognition of a financial asset in one entity and a financial liability or equity instrument in another entity. The estimated fair value of a financial instrument is the amount at which the instrument could be exchanged in the market. For the purpose of estimating the fair value of financial assets maturing in less than one year, the Group uses the market value. For other investments, the Group uses quoted prices in the market. In relation to financial liabilities, since most loans are taken at variable rates or fixed rates that approximate to market rates, the fair value of loans approximates their carrying value.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises principally from the Company's other receivables, non-current financial assets and its cash balances. The Company gives careful consideration to which organisations it uses for its banking services in order to minimise credit risk. Due to the above, the Directors believe that the Company has no need to implement a specific credit scoring policy with regards to assessing the credit quality of potential new customers. The majority of other receivables are due from the operators of the Senoro and Tiaka fields and the Indonesian government. The non-current financial asset represents monies paid into a fund to cover future decommissioning costs. It is held by the Operator of the Senoro and Tiaka fields.

The concentration of the Company's credit risk is considered by counterparty, geography and currency. The Company holds the majority of its cash on deposit with one bank in Japan. At 31 December 2022, the concentration of credit risk held with that bank was $19,072,176 (2021: $134,555,728) of which $19,036,630 (2021: $134,539,192) is denominated in US Dollars. The remaining $35,546 (2021: $16,536) is denominated in pound sterling. The non-current financial asset of $5,669,094 (2021: $5,390,150) and the loan due from MC Finance and Consulting Asia of $24,000,000 (2021: $nil) are both denominated in US Dollars.

There are no other significant concentrations of credit risk at the Statement of Financial Position date.

21 FINANCIAL INSTRUMENT (continued)

Credit risk management (continued)

At 31 December 2022, the Company held no collateral as security against any financial asset. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained. At 31 December 2022, no financial assets were past their due date. As a result, there has been no impairment of financial assets during the year.

The Company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Company determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

The Company maintains good relationships with its bank, which has a high credit rating and its cash requirements are anticipated via both the annual budgetary process and the ongoing authorisation for expenditure process. At 31 December 2022, the Company had $22,860,389 (2021: $135,580,343) of cash reserves.

Market risk

The Company's activities expose it primarily to the financial risk of changes in foreign currency exchange rates and commodity prices.

Foreign currency risk

As highlighted earlier in these financial statements, the functional currency of the Company is US dollars. The Company also has foreign currency denominated assets and liabilities. Exposures to exchange rate fluctuations therefore arise. The carrying amount of the Company's foreign currency denominated monetary assets and liabilities, all in pound sterling, are shown below in the Company's functional currency:

	Year ended 31 December 2022 $	**Year ended 31 December 2021 $**
Cash at bank	35,546	16,536
Trade and other receivables	1,602	8,990
Trade and other payables	(365,468)	(333,990)
	(328,320)	(308,464)

The Company pays for all invoices denominated in a foreign currency in US Dollars. The Company therefore does suffer from a level of foreign currency risk. Due to the minimal level of foreign transactions, the Directors currently believe that foreign currency risk is at an acceptable level.

The Company does not enter into any derivative financial instruments to manage its exposure to foreign currency risk.

21 FINANCIAL INSTRUMENT (continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's management monitors the above.

In this regard, the Company has an excess of current assets over current liabilities of $50.1 million as at 31 December 2022 (2021: excess of $142.3 million). The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments as at 31 December 2022 and 2021:

	31 December 2022			
	Less than 1 year	**1-5 years**	**More than 5 years**	**Total**
Trade and other payables	3,952,710	-	-	3,952,710
Lease liabilities	995,590	707,437	-	1,703,027
	4,948,300	707,437	-	5,655,737

	31 December 2021			
	Less than 1 year	**1-5 years**	**More than 5 years**	**Total**
Trade and other payables	5,196,058	-	-	5,196,058
Lease liabilities	959,701	889,976	-	1,849,677
	6,155,759	889,976	-	7,045,735

Commodity price risk

The Company has exposure to commodity price risk, namely the fluctuating price of a barrel of oil, condensate and unit of gas. Due to the current low level of oil sales and the level of expected future sales, the Company has not taken out any derivative instruments to mitigate this. Due to the current level of gas sales and expected future sales, the company has not taken out any derivative instruments to mitigate this. The Directors are satisfied with the current level of commodity price risk exposure.

The Company also has exposure to the price of ammonia. A non-current asset derivative financial instrument has been recognised in relation to a contract for long-term gas supply with fixed volumes and price variability linked to the price of ammonia. An embedded derivative has been recognised in relation to this contract and separately valued with the fair movement between periods recognised through the income statement. Any change in the price of ammonia will therefore result in a movement in the income statement.

The following table details the Company's sensitivity to a 10% increase and decrease in the price of a barrel of oil and gas against the current price. 10% is the sensitivity rate used when reporting commodity price risk internally to key management personnel and represents management's assessment of the reasonably possible change in oil price. The sensitivity analysis considers the revenue for the year and adjusts the oil price for a 10% change at the date of sale. It also considers the impact oil price change would have on the inventory fair value at year end and the movement in the under / over lift figure. A positive number below indicates an increase in profit and other equity where the oil price increases.

21 FINANCIAL INSTRUMENT (continued)

Commodity price risk (continued)

	Year ended 31 December 2022 $	Year ended 31 December 2021 $
Profit on a 10% increase in oil and condensate price	2,782,030	1,561,500
Loss on a 10% decrease in oil and condensate price	(2,782,030)	(1,561,500)

	Year ended 31 December 2022 $	Year ended 31 December 2021 $
Profit on a 10% increase in gas price	17,874,225	8,230,477
Loss on a 10% decrease in gas price	(17,874,225)	(8,230,477)

Interest rate risk

The Company faced minimal interest rate risk during the year. It was only exposed to interest rate risk on its cash at bank balances. Currently the Bank of Tokyo - Mitsubishi UFJ Ltd does not pay any interest on the cash held in the bank.

The following table details the Company's sensitivity to a 0.5% increase in the current interest rate. 0.5% is the sensitivity rate used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. The sensitivity analysis considers the bank balance at year end and adjusts the interest rate for a 0.5% increase. No sensitivity is presented on a decrease of 0.5% as there is currently no interest paid. A positive number below indicates an increase in profit when the interest rate increases.

	Year ended 31 December 2022 $	Year ended 31 December 2021 $
Profit on a 0.5% increase in interest rate	114,302	677,902

Decommissioning provision

The decommissioning provision has been calculated using a discount rate of 4.0% (2021: 3.5%) and an inflation rate of 4.21% (2021: 1.56%). The costs are generally expected to be incurred approximately in 0 to 7 years dependent on the asset (2021: 1 to 7 years). In the future the Company will be making contributions to the expected cost each year.

The following table details the Company's sensitivity of the decommissioning provision raised to a 1% increase or decrease in the discount rate and inflation rate.

21 FINANCIAL INSTRUMENT (continued)

Decommissioning provision (continued)

	Year ended 31 December 2022 $	Year ended 31 December 2021 $
Increase in provision with 1% increase in inflation rate	(263,704)	(288,488)
Decrease in provision with 1% decrease in inflation rate	251,668	274,629
Decrease in provision with 1% increase in discount rate	249,802	267,088
Increase in provision with 1% decrease in discount rate	(266,849)	(285,778)

Maturity of financial assets and liabilities

All of the Company's financial liabilities and its financial assets at 31 December 2022 are either payable or receivable within one year, with the exception of the non-current financial assets totalling $87,351,006 (2021: $69,862,887). The non-current asset represents monies paid in advance for future decommissioning obligations which are expected to be incurred in 2027 amounting to $5,669,094 (2021: $5,390,150), and issuance of performance bond related to PSC extension on 1 April 2022 of $758,000.

Embedded derivative on sales contract

On 13 March 2014, the Company signed a long-term gas supply contract with fixed volumes and floor price however with an input into the price of sale linked to the price of Ammonia. The gas sales contract form embedded derivative. As the ammonia price is not closely related to the host gas supply contract, the embedded derivative are measured separately at fair value through profit or loss. The valuation methodology was started from a Monte-Carlo simulation on the ammonia prices. Then, the ammonia price simulations were used to project the contractual prices of gas sale and the pay-off of such gas sales prices arrangement.

The contract has a maturity date of December 2027 and the gas supply will be delivered daily. Therefore, the embedded derivative are presented as current and non-current assets on the balance sheet.

22 RELATED PARTY TRANSACTIONS

Gas sales during the year of $138,459,237 (2021: $62,075,146) were made to PT Donggi-Senoro LNG, a company which Mitsubishi Corporation holds a non-controlling interest of 44.925%. Mitsubishi are one of the ultimate controlling parties of the Company, see note 23.

The Company incurred costs of $1,753,212 (2021: $1,915,977) from Mitsubishi Corporation, for services provided to the company and a further $28,798 (2021: $86,782) relating to recharges of legal and professional fees for costs incurred. The nature of the services provided included amounts for the provision of certain Directors of the Company and for other senior technical and administrative staff members. At the year end, the Company owed $365,152 (2021: $333,990) to Mitsubishi Corporation, this balance is included in trade and other payables.

The Company also incurred costs of $4,873 (2021: $8,460) from Mitsubishi Corporation International Europe ("MCIE") for professional fees and service charges. MCIE is a 100% owned subsidiary of Mitsubishi Corporation. At the year end, the Company owed $1,843 (2021: $760) to MCIE, this balance is included in trade and other payables.

22 RELATED PARTY TRANSACTIONS (continued)

The loan receivable agreement entered into with MC Finance & Consulting Asia Pte Ltd (a 100% owned subsidiary of Mitsubishi Corporation) in 2019 was fully repaid in 2022. On 7 September 2022, the Company entered a new loan receivable agreement. At the year end the Company recorded a loan receivable from MC Finance & Consulting Asia Pte Ltd of $24,000,000 (2021: $Nil). Interest received from the loan receivable as of 31 December 2022 was $1,360,385 (2021: $49,232).

None of the Directors were paid any remuneration by the Company during the year. They were all remunerated through another group company, details of which can be found in note 4.

23 ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

At 31 December 2022, the Company's ultimate controlling party is considered to be its immediate and ultimate parent undertaking, Mitsubishi Corporation, by virtue of its 51% holding, a company incorporated and registered in Japan. The Mitsubishi Corporation is also considered to be the parent of both the largest and smallest groups to produce consolidated financial statements which include this entity, and these consolidated financial statements can be obtained from their registered office: 2-3 Marunouchi 2-Chome, Chiyoda-ku, Tokyo, 100-0005, Japan.

24 FUTURE CAPITAL COMMITMENTS

At 31 December 2022, the following capital expenditure has been committed on the development of the Senoro and Tiaka oil and gas fields:

	Year ended 31 December 2022 $	**Year ended 31 December 2021 $**
AFE expenditure commitments		
- Gas plant	1,420,006	1,726,884
- Other	520,275	677,443

Authority for expenditure (AFE) is the contractually committed expenditure as at 31 December 2022 for future periods.

25 POST STATEMENT OF FINANCIAL POSITION EVENTS

The following non adjusting events occurred subsequent to year end:

Changes in the Board of Directors

From the year ended 31 December 2022 until the signing date of these financial statements, there are changes in the Board of Directors of the Company as follows:

J Y An – resigned 2 March 2023
H D Kim – resigned 2 March 2023
M Kasai – resigned 10 May 2023

The new composition of the Company's Board of Directors is as follows:

K Koizumi
S Hamada
B S Cho - appointed 2 March 2023
H S Lee - appointed 2 March 2023
R Masui - appointed 10 May 2023