

SIMBO PETROLEUM NO.2 LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

SIMBO PETROLEUM NO.2 LIMITED

Company Information

Directors	Alan Simonian Yoav Ben Eli
Registered number	08542642
Registered office	Suite A 30, Barnes High Street London SW13 9LW

SIMBO PETROLEUM NO.2 LIMITED
Registered number: 08542642

Balance sheet
As at 31 December 2022

	Note	2022 \$	2021 \$
Fixed assets			
Intangible assets	4	-	2,537,689
		-	2,537,689
Current assets			
Cash at bank and in hand		-	158
		-	158
Creditors: amounts falling due within one year	5	(10,414)	(12,714)
Net current liabilities		(10,414)	(12,556)
Total assets less current liabilities		(10,414)	2,525,133
Creditors: amounts falling due after more than one year	6	(3,463,636)	(3,619,779)
Net liabilities		(3,474,050)	(1,094,646)
Capital and reserves			
Called up share capital		15	15
Profit and loss account		(3,474,065)	(1,094,661)
		(3,474,050)	(1,094,646)

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 8 September 2023.

Alan Simonian
Director

The notes on pages 3 to 8 form part of these financial statements.

SIMBO PETROLEUM NO.2 LIMITED

**Statement of changes in equity
For the Year Ended 31 December 2022**

	Called up share capital	Profit and loss account	Total equity
	\$	\$	\$
At 1 January 2022	15	(1,094,661)	(1,094,646)
Comprehensive income for the year			
Loss for the year	-	(2,379,404)	(2,379,404)
Total comprehensive income for the year	-	(2,379,404)	(2,379,404)
At 31 December 2022	15	(3,474,065)	(3,474,050)

The notes on pages 3 to 8 form part of these financial statements.

**Statement of changes in equity
For the Year Ended 31 December 2021**

	Called up share capital	Profit and loss account	Total equity
	\$	\$	\$
At 1 January 2021	15	(1,474,578)	(1,474,563)
Comprehensive income for the year			
Profit for the year	-	379,917	379,917
Total comprehensive income for the year	-	379,917	379,917
At 31 December 2021	15	(1,094,661)	(1,094,646)

The notes on pages 3 to 8 form part of these financial statements.

**Notes to the financial statements
For the Year Ended 31 December 2022**

1. General information

Simbo Petroleum No.2 Limited is a private company limited by share capital, incorporated in the United Kingdom and registered in England and Wales, registration number 08542642. The address of the registered office is Suite A, 30 Barnes High Street, London, England, SW13 9LW.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The following principal accounting policies have been applied:

2.2 Going concern

Following the decision to withdraw from the Block 2B licence and the return of its 10% equity holding to the other partners in accordance with the terms of the Joint Operating Agreement, as described in note 7, the company ceased to trade and it is the directors' intention that the company will be wound up in due course. Accordingly the financial statements have been prepared on a basis other than going concern.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is USD.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

Notes to the financial statements
For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.4 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.5 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.6 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.7 Intangible assets

Exploration and evaluation assets are initially recognised at cost, provided that it is probable that they will generate future economic benefits. All costs for acquiring concessions, licences, or interests in production sharing contracts and for technical surveys, drilling, and development of such interests are capitalised. This includes capitalisation of future decommissioning and restoration costs.

Exploration and evaluation assets can be classified as both tangible fixed assets and intangible assets. Classification is done consistently over time. The Company currently only has intangible assets.

Amortisation

Exploration and evaluation assets classified as intangible assets are not amortised. Instead, the assets are regularly evaluated to determine whether any impairment exists. As the Company only holds intangible assets, no amortisation occurred during the reported periods.

Notes to the financial statements
For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.7 Intangible assets (continued)

Impairment

Exploration and evaluation assets are tested for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. Examples of circumstances that may indicate an impairment exists are when the deadline for the exploration period has expired or will expire in the near future, there are no plans for further exploration, exploration and evaluation have not led to any discoveries of commercial size, or when conditions have deteriorated in terms of recovery of value from a sale. Impairment is tested for each cash generating unit, which consists of each individually acquired licence and concession right along with stakes in any oil discoveries in the country in which the Company operate. An impairment loss is recognised when an asset or cash generating unit's carrying amount exceeds its recoverable amount. Impairment losses are recognised in the Profit and Loss Account.

Reclassification to oil and gas assets

When the technical feasibility and commercial viability of extracting oil and gas can be proven, assets are no longer classified as exploration and evaluation assets. Instead, they are classified as an oil or gas asset. They are then reclassified.

Oil and gas assets comprise reclassified exploration and evaluation assets and capitalised development costs. Depreciation/amortization of the relevant asset begins in conjunction with the start of production. The assets are tested for impairment regularly and if it is established that they are impaired, the asset is expensed in the form of an impairment loss via the Profit and Loss Account.

Oil and gas assets are categorised as either producing or nonproducing. The Company applies the successful efforts method, which means that when the exploration of a project is completed, the project is tested to determine whether it should be transferred to producing assets or be abandoned. If the project is abandoned, all costs incurred are written off at that time. The Company does not hold any assets classified as oil and gas assets at this time.

Jointly owned assets in the form of licences

The Company's interests in jointly controlled assets in the form of licences, are based on the proportion of the licence held. At 31 December 2021, the Company's only asset, Block 2B in South Africa, is jointly owned and the working is 10 per cent. Simbo Petroleum No.2 Limited is not the operator. Exploration and evaluation are mostly managed by the operator. A budget for the licence is set annually, which all partners must approve. Based on these projected expenditures, the operator then performs the agreed upon work. The expenditures for this work are charged to the other partners based on each partner's working interest. The Company capitalises these expenditures as exploration and evaluation assets.

Farm-outs

The Company recognizes cash payments directly against the asset and retains the recognized share of the asset less cash payments received. As a result, no revenue is recognised in conjunction with farm-outs unless the cash payment exceeds the carrying amount of the farmed-out asset. Future payments are not recognised at the transaction date.

If a farm-out involves oil and gas assets, the Company then derecognises the carrying amount of the asset in proportion to the share of ownership farmed out and recognises any future payments in the balance sheet.

**Notes to the financial statements
For the Year Ended 31 December 2022**

2. Accounting policies (continued)

2.7 Intangible assets (continued)

Once a payment received, which is part of a transaction, has been recognised, a capital gain or loss is recognised in the Profit and Loss Account. After completion of the transaction, the Company assesses whether the cash-generating units are impaired. Impairment losses impact the Profit and Loss Account.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.8 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.10 Creditors

Short-term creditors are measured at the transaction price.

2.11 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit or loss account.

3. Employees

The average monthly number of employees, including directors, during the year was 2 (2021 - 2).

SIMBO PETROLEUM NO.2 LIMITED

**Notes to the financial statements
For the Year Ended 31 December 2022**

4. Intangible assets

	Exploration and evaluation \$
Cost	
At 1 January 2022	2,537,690
Additions	157,730
	<hr/>
At 31 December 2022	2,695,420
	<hr/>
Amortisation	
Impairment charge	2,695,420
	<hr/>
At 31 December 2022	2,695,420
	<hr/>
Net book value	
At 31 December 2022	<hr/> -
At 31 December 2021	<hr/> <hr/> 2,537,690

5. Creditors: Amounts falling due within one year

	2022 \$	2021 \$
Accruals and deferred income	10,414	12,714
	<hr/>	<hr/>
	<hr/> 10,414	<hr/> 12,714

SIMBO PETROLEUM NO.2 LIMITED

Notes to the financial statements
For the Year Ended 31 December 2022

6. Creditors: Amounts falling due after more than one year

	2022	2021
	\$	\$
Amounts owed to group undertakings	3,463,636	3,619,779
	<u>3,463,636</u>	<u>3,619,779</u>

Amounts owed to group undertakings comprise loans and interest. Intercompany loans consist of loans to parent company Crown Energy Ventures Corporation and ultimate parent company Crown Energy AB (publ). The amounts outstanding are unsecured. No guarantees have been given or received. Amounts repayable to group companies carry interest of STIBOR (6 months) + 2% per cent per annum charged on the outstanding loan balances.

7. Post balance sheet events

Technical studies of the well results carried out by the Operator of the Block 2B Africa Joint Venture during 2023 were negative and indicated that the Block itself was uncommercial. Therefore, in May of 2023 Crown's management and Board took the decision to withdraw from the SA Block 2B licence and returned its 10% equity holding to the other partners in accordance with the terms of the Joint Operating Agreement.

8. Controlling party

The ultimate controlling party and the ultimate parent undertaking is Crown Energy AB (publ). Crown Energy AB (publ) is a public company at NGM Equity in Stockholm, incorporated in Sweden. The largest and smallest group of undertakings for which group financial statements are drawn up and of which the Company is a member is Crown Energy AB (publ). Simbo Petroleum No.2 Limited is included within these consolidated group financial statements which are publicly available from Skeppargatan 27, 114 52 Stockholm, Sweden or at webpage www.crownenergy.se.

9. Auditors' information

The auditors' report on the financial statements for the year ended 31 December 2022 was unqualified.

In their report, the auditors emphasised the following matter without qualifying their report:

Attention was drawn to the preparation of the financial statements on a basis other than going concern as it is the directors' intention for the company to be wound up in due course. Please refer to note 2.2.

The audit report was signed on 8 September 2023 by Andrew Burch (Senior statutory auditor) on behalf of Sayers Butterworth LLP.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.