REGISTERED NUMBER: 03896382 (England and Wales)

Strategic Report, Report of the Directors and

Financial Statements for the Year Ended 31 December 2022

for

Prospex Energy Plc

Contents of the Financial Statements
for the year ended 31 December 2022

Company Information
for the year ended 31 December 2022

DIRECTORS:	M C Routh W H Smith A I Buchanan A N Hay
SECRETARY:	B Harber
REGISTERED OFFICE:	60 Gracechurch Street London EC3V 0HR
REGISTERED NUMBER:	03896382 (England and Wales)
AUDITORS:	Adler Shine LLP Chartered Accountants & Statutory Auditor Aston House Cornwall Avenue London N3 1LF

Chairman's Report
for the year ended 31 December 2022

During 2022 there was increased activity not only from ongoing operations in Spain but also from the start of construction and development works on our asset in Italy. Operations in the Company's investment portfolio were carried out with an exemplary safety performance by our operators, contractors and partners with no loss time incidents, health and safety or environmental issues. The Company continues to monitor its HSE performance by promoting a high level of HSE awareness and rewarding good practices and culture with its partners, operators and subcontractors.

The 2022 financial and Corporate Highlights for Prospex Energy were underlined by progress on a number of fronts plus strong commodity prices leading to a very strong rise in the Company's share price – a rise of more than 300% in the year. Subsequent to year end, commodity pricing has returned to lower levels with a consequent reduction in share price.

In April 2022, the Company increased its stake in the Selva Gas Field in the Po Valley in Italy to 37% following a successful fundraise of £2,454,800 from the issue of shares at 3.5p. The fundraising was supported by existing institutional and retail investors, as well as the Directors of the Company.

The increase in the net book value of investments to £16,064,640 from £6,697,305 at the end of last year reflects the after-tax effect of the revaluation of the Company's 37% (2021 : 17%) working interest in the Podere Gallina licence in Italy.

We have applied the same valuation methodology which was used in the audited financial statements at the end of 2021, consistently applied it to the additional 20% working interest acquired in the current period and updated the underlying future gas pricing assumptions to the European forward contract gas prices applicable on 11 May 2023.

The current forward contract prices for European natural gas at the date of preparation of these results remain above those at the end of 2021, upon which the valuations to-date have been based, but below those at the current reporting date of 31 December 2022.

Applying the more recent forward gas prices provides us with a more up-to-date estimate of future revenues, and a valuation which we consider fair and reasonable having taken into account all current market expectations.

In May 2022, the Company appointed VSA Capital Ltd as its Joint Corporate Broker and Joint Financial Adviser.

In July 2022, £1.87 million was raised from the issue of Convertible Loan Notes convertible at 4.25p per share to existing and new investors, with participation of all of the Directors of the Company.

In September 2022, a further £0.5 million was raised from the issue of Convertible Loan Notes convertible at 5.5p per share to existing investors.

This debt/equity hybrid financing of £2,370,000 in aggregate, meant that Prospex was able to state that it had sufficient cash in hand to fund fully its 37% share in the Selva field development to the point of first gas then scheduled early in the second quarter of 2023.

This funding by the Company via Convertible Loan Notes from our existing network of shareholders and supporters over the years plus a number of new subscribers was undertaken without issuing warrants, with no fees to brokers and at the prevailing market share price at the time or at a small premium. A total of £4,824,800 was raised during the year via the issue of Convertible Loan Notes and new equity. The interest and capital repayments on the Convertible Loan Notes have been conservatively scheduled to fall well within the expected post-tax, post-royalty cash flows from Selva, with the first capital repayments scheduled on 30 September 2023, unless previously converted. Part of the remaining cash flow generated from the Italian asset will be earmarked for future drilling and seismic data acquisition on our existing permits in both Italy and Spain.

The conversion of historic 3p warrants between April and October 2022 generated further funds of £730,000 and the exercise of management options at 4p generated £70,640.

Prospex Energy Plc

Chairman's Report
for the year ended 31 December 2022

Operational Highlights:

Selva Field in Italy (37% working interest)

In January 2022, Po Valley Energy, the operator of the Selva field in the Po Valley in Italy, starts and fully funds the installation of the background seismic monitoring network to be operational ahead of the 12 months required by the regulators.

In February 2022, the equity fund-raise of £2,454,800 at 3.5p per share allowed the Company to complete the acquisition of the additional 20% of the Selva Field in Italy which was agreed in August 2021 in a sale and purchase agreement with UOG.

In April 2022, the acquisition of the extra 20% of the Selva Gas Field completed, with the Ministry of Ecological Transition ("MITE") in Rome approving Prospex's acquisition of UOG Italia Srl which owns 20% of the joint venture in the licence. Together with the existing stake in the joint venture held through PXOG Marshall, this brought the Company's stake in the project to 37%.

The acquisition of 100% of UOG Italia increased the Company's holding in the asset from 17% to 37% and therefore increased Prospex's share of Selva's independently verified 2P gas reserves by 2.7 Bcf, from 2.3 Bcf to 5.0 Bcf[1].

In June 2022, the penultimate approval for the production concession at the Podere Gallina licence was granted by the Emilia Romagna Regional Council. This local government approval was a prerequisite for Italy's MITE to grant the Final Production Concession at Selva Malvezzi.

On 29 July 2022, full production concession approval was finally granted by the MITE for the Selva Gas Field. This led to the awarding of contracts and first payments made to the contractors for the construction of the automated gas plant facilities, the installation of a 1,000 metre four-inch pipeline and the connection to the national gas grid network operated by SNAM. Full production concession approval was also the trigger for Prospex to pay its 37% share of the €757,000 SNAM Bond (€280,090 net to Prospex) necessary to procure the connection to the national gas grid with SNAM. The €757,000 had been advanced to SNAM by the operator Po Valley Energy on behalf of the Joint Venture in February 2022.

On 8 August 2022, Po Valley Energy the operator signed a construction contract with TESI Srl ('TESI') an Italian engineering firm, to install the gas plant and pipeline to connect the suspended Podere Maiar-1 well at Selva to Italy's gas grid. The contract secured development costs and timing with construction costs €130,000 (£110,000) less than previously forecast. Post period end, construction has completed and first gas is expected in Q2 of 2023.

Following the successful completion of funding through Convertible Loan Notes, in September 2022, Prospex could now state that it was fully funded to first gas at the Selva Field.

Also in September 2022, Po Valley the operator of Selva, completed the land acquisition required to connect the pipeline from the suspended well at Selva Malvezzi to the SNAM gas grid and purchased the required 1km of 4-inch steel pipe.

In November 2022, final approvals were received to commence field development works at the Selva Gas Field and gas plant construction and pipeline installation started.

In December 2022, gas purchase and off-take agreements for the sale of gas from the Selva field were nearing completion for the joint sale of the total gas production from the asset.

Post period end: A Gas Sales agreement was signed in February 2023 and in May 2023 the gas plant construction was completed and is ready for commissioning. The connections to the gas grid operated by SNAM are complete, enabling the delivery of gas to the Italian gas grid. With the SNAM connection and transmission arrangements finalised, Po Valley Operations has initiated the process of recovering €757,000 performance bond funds (100% basis - €280,090 net to Prospex), previously deposited with SNAM.

[1] Source: "Competent Person's Report Podere Gallina Licence, Italy" prepared by CGG Services (UK) Limited in July 2022 https://bit.ly/3JASCc2

El Romeral in Spain (49.9% interest)

The El Romeral gas and power project in Spain, with gas production wells supplying gas to an 8.1MW power plant near Carmona in Southern Spain is owned and operated by Tarba Energía Srl the operating company. It is currently operating at about 30% of its full capacity because Tarba is waiting on permits to drill further infill wells on the concessions to increase production. Prospex owns a 49.9% working interest in the El Romeral project via Tarba. The remaining 50.1% working interest is owned by Warrego Energy Limited. Tarba sells electricity generated from the plant on the spot market in Spain. The El Romeral licences comprise three contiguous production concessions.

In March 2022, Tarba completed the El Romeral plant automation project which started in December 2021 allowing the live testing of 24/7 production operations. A detailed reservoir modelling project was completed which confirmed that continuous production operation was not only feasible but also optimised ultimate gas recovery.

Gross monthly revenue from electricity generation at the El Romeral power plant peaked at over €500,000 in March 2022.

By April 2022, the El Romeral power plant was generating electricity 24 hours a day and 7 days per week and electricity sales were at record levels.

On 28 April 2022, Tarba completed the repayment of its outstanding loans plus interest to the two co-owners Prospex Energy and Warrego Energy. The loans repaid of €289,577, plus accrued interest of €19,092.97, equalled a total of €308,669.97. Prospex's share of this is €153,698.64. The repayment of loans held in the El Romeral asset totalled €589,577, plus accrued interest of €19,092.97.

In May 2022, the reprocessing of 250km of 2D seismic lines was instigated to improve the subsurface imaging across the three El Romeral Production Concessions.

In June 2022, Tarba commenced the first of two solar installation projects at El Romeral, 'Project Apollo' the installation of solar panels on the power station roof. The second solar project 'Project Helios' which involves the installation of a 4.9MW solar farm adjacent to the power plant was recommended for an investment decision and front-end engineering and design ('FEED') studies commenced.

In June 2022, the Spanish government announced that it would invoke a gas price cap for companies selling gas for electricity generation of €48.8/MWhr. As a result, Spanish daily electricity prices were expected to average €150/MWhr for the next 12 months. Average prices remained or exceeded this level until year end.

August 2022 saw the El Romeral asset continuing to generate healthy revenues with daily electricity spot prices averaging more than €180/MWhr in the quarter to 30 June 2022.

August 2022 also saw the completion of the installation of 83 solar panels on the roof of the power plant. Project Apollo has an estimated return on investment of 3 - 4 years.

By December 2022, the reinterpretation of the reprocessed 2D seismic lines across the El Romeral Production Concessions was nearing completion with the aim of optimising the top 5 drilling targets for the permitting application process as requested by MITECO, the Spanish regulator.

By the year end, Prospex's JV partner in its assets in Spain, through Tarba, Warrego Energy is subject to a takeover bid in Australia.

Post period end, Hancock Energy (PB) Pty Ltd completed the acquisition of 100% of the shares of Warrego Energy Ltd, which was then de-listed from the ASX exchange in Sydney, Australia.

Chairman's Report
for the year ended 31 December 2022

Financial Review

For the year ended 31 December 2022, the Company is reporting Total Assets of £23,062,739 (2021: £8,984,437), the value of which largely comprises the Company's investment in PXOG Marshall Ltd, the vehicle for the Company's Italian assets. The 156.7% increase is dominated by a revaluation reflecting measured recognition of positive changes in the forward curve of European gas prices at 31 December 2022 and includes revaluations of the Company's investments ('the Investments') as well as repayments and advances on loans receivable from those investments. Unrealised gains arising on revaluation of Investments at fair value amounted to £9,367,435 (2021: £3,076,415).

As at 31 December 2022, the fair value of the Company's investments stood at £16,064,160 (2021: £6,697,305). The combined value of these equity investments, current and non-current loans is £21,561,316 (2021: £8,726,484).

This increase in the net book value of investments to £16,064,640 from £6,697,305 at the end of last year reflects the after-tax effect of the revaluation of the Company's working interest in the Podere Gallina licence in Italy. In April 2022, the Company increased its stake in the Selva Gas Field in the Po Valley in Italy to 37% following the acquisition of a further 20% working interest in the licence from UOG.

The asset was also re-valued using the same valuation methodology which was used in the audited financial statements at the end of 2021 but utilising the underlying future gas pricing assumptions to the TTF European forward contract gas prices applicable on 11 May 2023. The current forward contract prices for European natural gas at the date of preparation of these results remain above those at the end of 2021, upon which the valuations to-date have been based, but below those at the current reporting date of 31 December 2022.

The Company continues to have significant asset backing relative to its market capitalisation.

Administrative expenses for the full year totalled £975,725, a 9.4% increase from 2021's £891,676.

As at 31 December 2022, the Company held cash and cash equivalents of £1,482,762 (2021: £220,060).

Business Development

The financial year ended 2022 saw unprecedented volatility in both gas and electricity prices on account of several dramatic events on the world stage. The Company, through its Tarba investment, enjoyed record income from power generation in the month of March 2022, but the combination of regulation, attempts at price capping and the macro effects of the energy market supply and demand forces have seen prices reducing and volatility normalising. In evaluating business development opportunities, the Prospex Board applied a conservative approach to forward energy pricing during the year. Several data rooms were attended and assessed and discussions on many acquisitions progressed to various degrees, but none was finalised during the year, with the exception of the 20% acquisition from UOG of the Selva Joint Venture detailed above, which was signed in August 2021 and finalised in April 2022. The Company continues to focus on onshore natural gas and power assets in Western Europe. The Company's leadership considers that this geographical and product focus is an essential ingredient to setting Company strategy and defining the boundaries within which we operate. Natural gas has been widely recognised as the transition fuel as Europe progresses to rely upon less carbon intensive energy sources. In 2022, the Company actively pursued investments in renewable energy sources with two solar photovoltaic projects at the El Romeral asset in Spain. This has already moved Prospex Energy to be categorised as an integrated energy company with a business model of utilising the traditional natural gas assets to expand into the renewable energy space.

Chairman's Report
for the year ended 31 December 2022

Outlook

The outlook for Prospex remains one of consolidation and growth. With the Selva asset generating cash flows from Q2-2023, the Company expects to deliver organic growth in its two main assets in Spain and Italy. Subsurface technical work and reprocessing of the 2D seismic lines is underway on the Selva Malvezzi production concession in order to optimise the final well locations for the next three wells to be drilled, Selva North, Selva South and East Selva. In Spain on the Romeral production concessions, the environmental impact assessment process has been initiated in order to be granted the permits to drill five new wells which can be connected to Tarba's local pipeline network so that the El Romeral power plant can re-establish 100% of its installed generation capacity. Currently running at just 30% capacity with just one of the three engines generating electricity at a time, it only needs two of the three proposed wells to be connected to the power plant for the power station to have sufficient gas to run all three engines and achieve the nameplate output capacity of 8.1MW.

Once the El Romeral concession wells are permitted, the Spanish regulator has undertaken to address the issue of the suspended Tesorillo permit. The owners of Tarba are ready to initiate the permitting process for the appraisal well to be drilled on the permit once the licence has been converted into an exploitation concession.

The year ahead promises to see major progress. I look forward to providing further updates as developments occur.

The significant impacts of COVID were still with us at the beginning of 2022 and long-term effects continue. Our management, staff, contractors and partners were steadfast in moving the Company ahead throughout this challenging period and deserve our thanks. After the year end, Dr Richard Mays, one of the founding directors of the Company, retired from the Board after years of providing strong and insightful leadership. Andrew Hay agreed to join the Board and has proved an excellent addition. I would like to take this opportunity to thank our investors whose support has enabled the Company to achieve a level of success and to our current and past directors, the Board and management team for their continued hard work, commitment and support.

Bill Smith

Non-Executive Chairman

24 May 2023

Corporate governance
for the year ended 31 December 2022

Corporate Governance is a term used to describe the methods by which your Board of Directors set the strategic aims of the Company, provide leadership to achieve the goals and manage the risks the Company faces. Whilst there is a significant body of regulation which pertains to Corporate Governance, fundamentally your Board believes good governance is based on integrity of people and process, setting the right goals, having the right people and tools to achieve the goals and acting in a disciplined fashion to understand and manage risks inherent in the business. This is a way of life, not an abstract set of rules imposed by regulators.

To assist the Board in reporting to shareholders and to provide a framework against which to gauge action, the Company has adopted the QCA Corporate Governance Code which is widely recognised. We believe that the governance practices at Prospex are aligned with the ten principles of good governance set out in the Code, but where there are variations, this report will explain the differences. Some elements of the reporting are found in the Annual Reports of the Company sent to all shareholders and others on the Company's website (www.prospex.energy) with a full index to reporting found on the website.

As non-executive Chair, Bill Smith has responsibility for leadership of corporate governance and in conjunction with management, establishing appropriate agendas for Board meetings, ensuring that the executives and the Board are fully engaged in appropriate aspects of strategy development, decision making, risk analysis and overall implementation.

The Ten Principles in relation to Prospex

Principle 1 - Establish a strategy and business model which promote long term value for shareholders.

The Corporate strategy is evolving as your Company recognises opportunities in the energy sector, with a focus on natural gas as a transition fuel away from more concentrated greenhouse gas emission from other fuels used to generate electricity. The strategy of building a sizable natural gas and electricity generating investment portfolio focuses on high impact onshore and shallow offshore European opportunities located in working hydrocarbon systems with offtake markets primarily in electricity generation. Other energy opportunities are of interest as the Company aligns with government and regulatory goals of GHG reduction while supporting industry and consumers. Building a portfolio presents a number of challenges, including geological selection, whilst the team are experienced, the nature of the business that includes an element of exploration is inherently risky; the number of opportunities are finite and in developing the value opportunities are exposed to a number of political and commercial risks that have to be navigated.

Principle 2 - Seek to understand and meet shareholder needs and expectations.

The primary information sharing tool is the Company's website. This frames the shareholder expectation as an investment in a small, but growing, energy investment company. New information is released via the regulatory news service (RNS) and the website is updated accordingly. In addition, direct access for shareholders to the management and Board through email and electronic meetings has increased. Updated investor presentations, investor meetings and investor conference attendance are opportunities for investor commentary, as are informal communications. The Chief Executive Officer, Mark Routh, is the primary contact with the overall investment community.

Principle 3 - Take into account wider stakeholder and social responsibilities and their implications for long term success.

While the principal focus of a listed company is to enhance value for its investors, Prospex has positive engagement with a wide and diverse set of stakeholders and is involved in socially responsible activities. One of the primary social benefits is to increase access to energy, including electrical power when natural gas is used to generate electricity, for those regions in which the Company operates. Environmental protection is a key element in all development decisions and extensive consultation with residents and regulators is undertaken prior to any work. Hydrocarbon exploration and development is a highly regulated business in all jurisdictions and in all active investments Prospex or the Joint Venture Operator maintain good relations with all regulatory authorities. Corporate Social Responsibility opportunities are sought and enabled, formally through community projects and informally through employment of local residents and contractors. As a small but growing Company, it is very important to attract and retain highly skilled and dedicated employees and contractors with a combination of a hard working but pleasant workplace and appropriate levels of compensation and emoluments. The directors' collective experiences in oil and gas businesses, including past experience with deep water drilling and production, have embedded a safety-oriented culture.

Principle 4 - Embed effective risk management, considering both opportunities and threats, throughout the organisation.

Risk is inherent in all aspects of natural gas exploration and development activity and the Company is not the formal joint venture operator in any of its investments at this time but maintains active engagement with the Operator. The Company mitigates its risks through careful opportunity review and modelling, thorough due diligence, pursuing investments in areas with stable governments with appropriate fiscal regimes and selecting investments with a variety of risk/reward exposure. A focus on value creation permeates all corporate activities from initial business development review, to detailed geological and economic assessment including financial modelling, to post activity review for the purpose of formalising learnings from success and opportunities for improvement. No significant expenditure is authorised without formal Board review, either in an annual budget or on a case-by-case basis for larger projects. Joint venture partners and key suppliers are subject to extensive review for experience, integrity and ability, not simply on a low-cost basis

Principle 5 - Maintain the Board as a well-functioning, balanced team led by the Chair.

Non-executive directors with diverse back grounds and experience form the majority on the Board of Directors. As the Company is in a stage of rapid development, the directors meet frequently, with formal meetings at least once per calendar quarter. Given the small size of the Board, there is frequent communication among the Board members and between each Non-Executive Director ("NED"). Audit committee and remuneration committee functions are reserved for the NEDs. All of the Non-Executive Directors are considered independent recommended by the QCA Code.

Principle 6 - Ensure that between them the directors have the necessary up to date experience, skills and capabilities.

The Board discusses its own performance, responds to the stakeholders as appropriate and recruits to fill needs as required. The website has detailed information about each director's education, experience and skills. The current group of directors collectively have international oil and gas experience in more than 10 countries and executive or director roles in more than a dozen listed companies.

Principle 7 - Evaluate Board performance on clear and relevant objectives, seeking continuous improvement.

A desire for continuous improvement pervades all aspects of Prospex. A Board review of its own performance and composition are on the Board agenda at least once per year albeit that no formal review process was followed, keeping in mind that each of the directors is or has been NED of other businesses and thus has maturity and experience in such reviews. At the same time and from time to time, a skills analysis discussion is undertaken with recognition that, as the Company grows in complexity, additional skills will be required. However, Prospex does not currently have written criteria of Board performance nor expectations.

Principle 8 - Promote a corporate culture that is based on ethical values and behaviours.

With a small staff, everyday interactions are sufficient to communicate throughout the organisation that integrity is a cornerstone of the Company, and no unethical behaviour will be tolerated. As the Company grows, this ethos will be maintained with enhancement through formal policies. Internal financial controls in place are appropriate for a company the size and complexity of Prospex but will be added to as the business grows.

Principle 9 - Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.

Each NED brings a specific skill set and experience which is important for the Company to achieve its objectives. On a regular basis, the NEDs will work directly with the Company staff to support activity, ranging from negotiating and documenting transaction terms to detailed technical review of prospective investment opportunities. Given the size of the Company and the size of the Board, the functions of Audit Committee and Remuneration Committee are maintained by the Board as a whole led by an individual NED. As the Company grows, formal committee structures and defined term of reference for the Committees will be developed.

Principle 10 - Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

The website is the main repository of information about the Company's current activity in each project area and also includes the current and past Annual Reports which describe the work of the Company and the Board. With the adoption of the QCA Code, future Annual Reports will include a summary of the activity of the main committees including the Audit Committee and the Remuneration Committee. Any interested party seeking more information or to express a view is invited to contact the CEO or the Chair directly using the contact information contained on the website and access for shareholders to the management and Board through email and electronic meetings has increased.

Remuneration Committee

The Remuneration Committee consists of Bill Smith, Andrew Hay and Alasdair Buchanan, who also chairs the committee, and is responsible for making recommendations to the Board, within agreed terms of reference, on the Company's framework of executive remuneration and its cost. The Committee determines the contract terms, remuneration and other benefits for any executive directors, including performance related bonus schemes, pension rights and compensation payments. The Board itself determines the remuneration of the non-executive directors.

Audit Committee

The Audit Committee consists of Alasdair Buchanan, Andrew Hay and Bill Smith, who also chairs the committee, and provides a forum for reporting by the Company's external auditors. The Committee is responsible for reviewing a wide range of matters, including half-year and annual results before their submission to the Board, and for monitoring the controls that are in force to ensure the integrity of information reported to shareholders. The Committee advises the Board on the appointment of external auditors and on their remuneration for both audit and non-audit work, and discusses the nature, scope and results of the audit with the external auditors. The Committee keeps under review the cost effectiveness and the independence and objectivity of the external auditors.

Strategic Report
for the year ended 31 December 2022

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

PRINCIPAL ACTIVITY
The principal activity of the Company is that of an Investing Company.

STRATEGY
Prospex is building an energy investment portfolio, focusing on high impact, onshore and shallow, offshore European opportunities located in working hydrocarbon systems.

Utilising the team's proven track record and global experience, the Company is looking to invest in low capex opportunities in Europe's Energy sector with a particular preference for late stage, drill-ready exploration; reworking of existing fields; or failed exploration targets where new ideas and the latest technology can be applied. Once identified and acquired, the Company will seek to create tangible value across its core projects within a 12-month period in order to maximise the impact of its capital and balance its risk-reward profile.

Investment criteria
- Regions with working hydrocarbon systems
- Favourable fiscal regimes with low political risk
- Resource materiality - scale for acquirers and returns for shareholders
- Scope for technology to unlock latent value
- Line of sight catalysts for value re-rating
- Clear monetisation opportunity after value creation

BUSINESS REVIEW
A review of the development and performance of the Company, including important events, progress during the year and likely future developments, can be found in the Chairman's Statement.

In summary:
- administrative expenses for continuing operations for the year increased to £975,725 (2021: £891,676)
- unrealised gains arising on financial assets at fair value through profit or loss was £9,367,435 (2021: £3,076,415)
- net profit for the year from continuing operations was £7,136,907 (2021: £2,259,796)
- as at 31 December 2022, the Company had cash and cash equivalents of £1,482,762 (2021: £220,060)

KEY PERFORMANCE INDICATORS
The business Key Performance Indicator ('KPI') monitored by the Board is focussed on managing the investing activities of the Company. The financial KPI is to ensure that there is adequate funding in place to cover the Company's investing activities and holding company costs.

SECTION 172 STATEMENT
Each Director is required by the Companies Act 2006 to act in the way considered, in good faith, would be most likely to promote success of the Company for the benefit of its members as a whole and in doing so are required to have regard for the following:

- the likely long-term consequences of any decision;
- 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 of business conduct; and
- the need to act fairly as between shareholders of the Company.

Certain companies are required to report on the matters enumerated in s. 172 while others are doing so voluntarily. As a matter of good governance in full support of complete and transparent disclosure, your Company is pleased to make this annual s. 172 Statement.

In 2018, the Company adopted the Corporate Governance Code for Small and Mid-Sized Quoted Companies from The Quoted Companies Alliance (the "QCA Code"). The QCA Code is an appropriate code of conduct for the Company's size and stage of development. In the Corporate Governance Report, below are comments regarding the application of the ten principles of the QCA Code. Some s.172 considerations are addressed in more detail in the Corporate Governance Report.

The Chairman's Report describes the Company's activities, strategy and future prospects and some s.172 considerations are also addressed in the Chairman's Report, including the considerations for long term decision making.

The Board considers the Company's major stakeholders to include employees, suppliers, partners, loan note holders and shareholders. When making decisions, consideration is given to the interest of each stakeholder group individually and collectively. Certain decisions require more weight attached to some stakeholders than others and while generally seeing the long-term interest of the shareholders as of primary importance, the directors consider those interests are best served by having regard to the interests of the other key stakeholder groups and, in fact, to all the s. 172 considerations.

Given the size of the Company and the nature of its business, there are only a few employees however, the Board considers the Company's employees essential to the success of the Company. As is stated in the Corporate Governance Report Principle 3, "it is very important to attract and retain highly skilled and dedicated employees and contractors with a combination of a hard working but pleasant workplace and appropriate levels of compensation and emoluments".

The Board ensures that the Company endeavours to maintain good relationships with its suppliers through contracting on standard business terms and paying promptly, within reasonable commercial terms.

The Company does not deal directly with customers or suppliers in relation to the natural gas interests held by its subsidiaries, save for its relationship with its joint venture partners which operate the relevant fields. There is direct communication on a regular basis between the CEO and the Company's partners and some of the non-executive directors also interact with the joint venture operators to foster business relationships and to re-enforce shared values. The Company invests in interests in licences where it has some influence over the manner in which the operations are conducted and communicates to the operators the need for appropriate relationships with suppliers, to support local contracting if possible and implement other measures to enhance communities in which operations are conducted.

As is stated in the Corporate Governance Report Principle 3, "Environmental protection is a key element in all development decisions and extensive consultation with residents and regulators is undertaken prior to any work." As suggested in the Corporate Governance Report Principle 1, the Board spends considerable time each year discussing the impacts of the Company's operations on the environment to mitigate adverse impacts and to promote natural gas as a transitional fuel for electricity generation with lower emissions than other fuels.

As is stated in the Corporate Governance Report Principle 8, "integrity is a cornerstone of the Company, and no unethical behaviour will be tolerated" by employees, consultants or operators. The Board recognises its responsibility for setting and maintaining a high standard of behaviour and business conduct. There is no special treatment for any group of shareholders and all material information is disseminated through appropriate channels and available to all through the Company's corporate presentations, news releases and website as is described in more detail in the Corporate Governance Report Principle 2.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company invests in early-stage investments in the natural resources sector which is subject to a range of inherent risks and uncertainties. Being at an early stage, the prime risks to which the Group is subject are the access to sufficient funding to continue its operations, the status and financing of its partners, changes in cost and reserves estimates for its investment assets, changes in forward commodity prices, regulatory regimes and the successful development of its Energy reserves. Key risks and associated mitigation are set out below.

Investment returns: Management seeks to raise funds and then to generate shareholder returns through investment in a portfolio of exploration and development entities leading to the drilling of wells, the discovery of commercial reserves followed by their exploitation. Delivery of this business model carries several key risks.

Risk	Mitigation
Market support may be eroded obstructing fundraising and lowering the share price	Management regularly communicates its strategy to shareholders
	Focus is placed on building an asset portfolio capable of delivering regular news flow and offering continuing prospects
General market conditions may fluctuate hindering delivery of the Company's business plan	Management aims to retain adequate working capital and secure finance facilities sufficient to ride out downturns should they arise
Governmental regulations and the timing of responses to applications for activities may delay corporate activity	The Company maintains current knowledge of evolving regulatory requirements and maintains positive engagement with regulators, respecting environmental protection, worker safety and energy transition

PRINCIPAL RISKS AND UNCERTAINTIES

Each asset carries its own risk profile, and no outcome can be certain	Management aims to avoid over-exposure to individual assets and to identify the associated risks objectively
The Company may not be able to raise funds to exploit its assets or continue as a going concern	Management continuously explores creative funding styles and maintains regular dialogue with a variety of potential funding partners

Investments: Investments may not go to plan, leading to damage, pollution, cost overruns and poor outcomes

Risk	**Mitigation**
Individual investments may not deliver recoverable Energy reserves	A commitment to invest is only made after thorough research into both the management and the business of the target, both of which are closely monitored thereafter
Resource estimates may be misleading curtailing actual reserves recovered	Regular third-party reports are commissioned. A prudent range of possible outcomes are considered within the planning process

Personnel: The Company relies upon a pool of experienced and motivated personnel to identify and execute successful investment strategies

Risk	**Mitigation**
Key personnel may be lost to other companies	The Remuneration Committee regularly evaluates incentivisation schemes to ensure they remain competitive
Pandemics may prevent people working in a traditional manner that would historically be considered safe	The industry is used to working in dangerous environments and accommodating risk where it can. Widen risk assessment and re-evaluate safe working, adopting new best practices as they are developed
The competition for qualified personnel in the Energy industry can be intense and there can be no assurance that the Company will be able to attract and retain all personnel necessary in the required jurisdictions for the future development and operation of its business	The Company continues to review and adopt attractive packages for both staff and contractors

Commercial environment: World and regional markets continue to be volatile with fluctuations and infrastructure access issues that might hinder the Company's business success

Risk	**Mitigation**
Volatile commodity prices mean that the Company investments cannot be certain of the future sales value of its products	Gas may be sold under long-term contracts reducing exposure to short term fluctuations. Energy price hedging contracts may be utilised where viable

ON BEHALF OF THE BOARD:

Mark Routh
Director

Date: 24 May 2023

Report of the Directors
for the year ended 31 December 2022

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

DIVIDENDS
No dividends will be distributed for the year ended 31 December 2022.

The results for the year are set out on page 21.

EVENTS SINCE THE END OF THE YEAR
Information relating to events since the end of the year is given in note 25 to the financial statements.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 January 2022 to the date of this report.

M C Routh
Dr. R P Mays – resigned 7 February 2023
W H Smith
A I Buchanan

On 19 April 2023, A N Hay was appointed as a director of the Company.

The Directors of the Company held the following beneficial interests in the ordinary shares of the Company:

	2022 No. of shares	2021 No. of shares
Mark Routh	**1,428,571**	-
Richard Mays – resigned 7 February 2023	**2,744,135**	1,361,927
William Smith	**6,447,517**	5,206,797
Alasdair Buchanan	**3,428,571**	2,000,000

Share options and share warrants
The Directors of the Company held share options granted under the Company share option scheme and warrants to subscribe for shares as indicated below. No share options or warrants were exercised during the year. Full details of the share options and warrants held are disclosed in note 23 to the financial statements.

Share options	**2022 No. of shares**	2021 No. of shares
Mark Routh	**3,000,000**	-
Richard Mays – resigned 7 February 2023	**1,821,669**	832,388
William Smith	**1,821,669**	832,388
Alasdair Buchanan	**1,800,000**	-

FINANCIAL INSTRUMENTS
The Company's financial risk management objectives and policies are set out in note 20 to the financial statements.

GOING CONCERN
In common with many investment companies, the Company raises finance for its investments, as and when required.

The Directors prepare annual budgets and cash flow projections that extend beyond 12 months from the date of this report. Further information is set out in note 2 to the financial statements.

DIRECTORS' INSURANCE
The Directors and officers of the Company are insured against any claims against them for any wrongful act in their capacity as a Director, officer or employee of the Company, subject to the terms and conditions of the policy.

SUBSTANTIAL SHAREHOLDINGS
The Company has been notified of the following voting rights as a shareholder of the company as at 28 April 2023:

	No. of ordinary shares	% of issued share capital
Colin Wilson	20,073,557	7.04%
James & Olga Simmons	17,150,000	6.02%
Simon Chanter	14,158,029	4.97%
James Smith	9,874,483	3.46%
Grant Richard Glanfield	8,847,500	3.10%

The market value of the Company's shares at 31 December 2022 was 15.25p and the high and low share prices during the period were 15.25p and 3.40p respectively.

CREDITOR PAYMENT POLICY
The Company's current policy concerning the payment of trade creditors is to:
- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the Company's contractual and other legal obligations.

On average, trade creditors at the year-end represented 20 days' purchases.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS
The auditors, Adler Shine LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

Mark Routh
Director

Date: 24 May 2023

Statement of Directors' Responsibilities
for the year ended 31 December 2022

The Directors are responsible for preparing the Strategic Report, Directors' Report, Corporate Governance Statement and the Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Company financial statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange to prepare financial statements in accordance with UK adopted International Accounting Standards ("IAS") in conformity with the requirements of the Companies Act.

The financial statements are required by law and UK adopted IAS to present fairly the financial position and performance of the Company; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 Company financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted International Accounting Standards in conformity with the requirements of the Companies Act, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare the financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication
The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions.

The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Report of the Independent Auditors to the Members of Prospex Energy Plc

Opinion

We have audited the financial statements of Prospex Energy Plc (the 'Company') for the year ended 31 December 2022 which comprises the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and Notes to the Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006.

In our opinion the financial statements:

- 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 UK adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditors' 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 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.

Emphasis of Matter

We draw attention to Note 12 to the financial statements which describes the basis of the investments in shares in group undertakings. The underlying value of the investment in PXOG Marshall Limited ('Marshall') is based on Marshall's underlying interest of the Podere Gallina permit. Marshall's audit report includes an Emphasis of Matter in respect of the valuation of the underlying investment.

The valuation of Marshall's investments, which includes direct and indirect holdings in Podere Gallina, are based on management's calculated discount cash flows (DCFs). The DCFs include a number of variables within the calculation which include the volume of gas in the wells, the extraction rate and period, discount factors and the price of gas. These variables are subjective and are based on professional judgements of expectations. The volatility of the price of gas since the Russia-Ukraine crisis, which continues at the time of this report, is an example of a factor which may impact the DCF.

While we have assessed managements judgements and application in their calculations and consider these to be reasonable, as set out in our key audit risks below, a variance in these subjective components of the DCF could result in a material change in the valuation of the underlying asset and in turn, the valuation of the company's investment in group undertakings.

Our opinion is not modified in respect of this matter.

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.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Review of managements cashflow forecast and plans and observations that the Company will have increased receipts resulting from first gas sales from its investment in Italy;
- Review of the cash held by the company and assessing whether this will be sufficient to support the current level of activities;
- Assessing the assumptions that company's asset in Spain will be fully self-funding at current operating levels and is expected to have sufficient cash resources and income to fund existing operations for at least the next 12 months;
- Considering whether material uncertainties existed that could cast significant doubt on the company's ability to continue as a going concern for at least 12 months after the date of approval of the financial statements;
- Challenging assumptions used in forecasts (in particular gas prices and production levels);
- Considering the appropriateness of the model used to prepare forecasts; and
- Assessing the disclosures made within the financial statements.

Based on our assessment, we concluded that the assumptions used by management were reasonable overall and the disclosures made within the financial statements were 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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters.

The key audit matters identified were:

Going concern

Area of focus

Refer to Note 2 to the financial statements for the directors' disclosures of related accounting policies, judgements and estimates. The Directors have concluded that the Company has sufficient cash resources and access to potential cash inflows to continue its activities for not less than twelve months from the date of approval of these financial statements and have therefore prepared these financial statements on a going concern basis.

The Company has cash and cash equivalents of £1,482,762 at 31 December 2022. Further funds would need to be raised to meet the Company's objectives and plans.

Management produces a cash flow forecast based on the Board's plans.

The key judgment within the cash flow forecast that we particularly focused on are:

- The continued availability of funding.
- Flexibility of development programme.
- Cash outflows expected from investing activities.

How our audit addressed the area of focus

We assessed the reasonableness and support for the judgments underpinning management's forecast, as well as the sensitivity of projections to these judgements.

We reviewed management's financing plans.

We considered the reasonableness of the assumptions within management's proposed plan.

Our conclusion on management's use of the going concern basis of accounting is included in the going concern section of the report.

Valuation of Investments

As set out in note 12, in accordance with IFRS 10, the proportion of the Company's investment in its unconsolidated subsidiaries is presented as part of the fair value of the subsidiaries. Each subsidiary has an interest in its own underlying investments, which include various assumptions and assessments in deriving the value of these assets. We have undertaken a review of the investments in each subsidiary as follows:

Area of focus - Fair Value of PXOG Marshall Limited

The company's investment in PXOG Marshall Limited ('Marshall') represents the net asset value of Marshall.

Marshall holds an interest, which increased from 17% to 37% in the year, in the Podere Gallina Exploration Permit in the Po Valley region of Italy, a proven play in a prolific hydrocarbon region. The fair value of the investment is determined using valuation techniques such as NPV analysis, which includes several judgmental variables within the calculation.

An increase in Marshall's value of its underlying investment has given rise to a gain of £9,367,435 on the company's investment in Marshall for the year ended 31 December 2022.

How our audit addressed the area of focus

We obtained a copy of the NPV model used to calculate the increase in valuation of investment. The data for the model is derived from the 2022 CPR report, updated for management's revised assumptions based on their working knowledge of the wells.

We gained an understanding of the key assumptions and judgements underlying the model. We reviewed the NPV calculations provided considering the various scenarios modelled. We assessed the appropriateness of the methodology applied and tested the mathematical accuracy of the models.

We considered the increase in the valuation of investment in the financial statements of the Company to be reasonable.

Area of focus – Fair Value of PXOG Massey Limited
In August 2020, a sale and purchase agreement ('SPA') was entered into with H2Oil Limited ('H2Oil') regarding the sale of the entire issued share capital of PXOG Massey Limited ('Massey'). As at the balance sheet date, the conditions of the SPA had not been met and Massey remains a subsidiary of the Company. Management used the value of the SPA as the basis of the valuation of Massey in the financial statements.

How our audit addressed the area of focus
We have reviewed the SPA agreement and gained an understanding of the conditions of the SPA. We assessed the conditions necessary to recognise the point of sale and considered management's judgements and estimations in the likelihood of these conditions being met. We reviewed the value of the sale proceeds included within the SPA in comparison to the carrying value of the investment.

We considered the recognition and classification of Massey as a subsidiary of the Company, at the carrying value included, to be reasonable.

Area of focus – Fair Value of PXOG Muirhill Limited
The company's investment in PXOG Muirhill Limited ('Muirhill') is recognised at cost.

Muirhill holds an interest in two assets (Tesorillo and El Romeral) through shares in Tarba Energia S.L ('Tarba'). Muirhill's management has retained the value of the underlying investment at cost. While Tesorillo had a stagnant year in 2022, El Romeral saw a significant improvement resulting in Tarba returning to a net asset position. Muirhill's management are taking a prudent approach after one successful year, reviewing future (actual and forecasted) production.

How our audit addressed the area of focus
We obtained a copy of the Tarba financial statements and post year end production results, including forecasted future production. We gained an understanding of managements key assumptions and judgements. We assessed the appropriateness of these assumptions and the material impact to the financial statements.

We considered the recognition of the investment at cost and consider this to be reasonable.

Our application of materiality
The scope of our audit was influenced by our application of materiality. The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effects of misstatements, both individually and on the financial statements as a whole.

Final materiality was set at £230,000 which is based on 1% of the Company's gross assets.

In our professional judgement, this benchmark is considered appropriate as it reflects the investment nature of the business, representing a key performance indicator for users of the financial statements in assessing the Company's financial performance.

Other information
The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, 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.

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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 15, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue a Report of the Auditors 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.

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.

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with the director and other management, and from our commercial knowledge and experience of the oil and gas exploration sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

Report of the Independent Auditors to the Members of Prospex Energy Plc - continued

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators including the Health and Safety Executive, and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.

Alexander Chrysaphiades FCA (Senior Statutory Auditor)
for and on behalf of Adler Shine LLP
Chartered Accountants & Statutory Auditor
Aston House,
Cornwall Avenue
London, N3 1LF

Date: 24 May 2023

Prospex Energy Plc

Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2022

	Notes	2022 £	2021 £
CONTINUING OPERATIONS			
Other operating income	5	**-**	86,604
Administrative expenses		**(975,725)**	(891,676)
Share-based payment charges	23	**(187,417)**	-
OPERATING LOSS		**(1,163,142)**	(805,072)
Gain on revaluation of investments	12	**9,367,435**	3,076,415
		8,204,293	2,271,343
Finance income	7	**324,052**	109,618
Finance costs	7	**(173,023)**	(80,771)
PROFIT BEFORE INCOME TAX	8	**8,355,322**	2,300,190
Income tax	9	**(1,218,415)**	(40,394)
PROFIT FOR THE YEAR		**7,136,907**	2,259,796
EARNINGS PER SHARE	10		
Basic earnings pence per share		**2.88p**	1.61p
Diluted earnings pence per share		**2.66p**	1.61p

Prospex Energy Plc (Registered number: 03896382)

Statement of Financial Position
31 December 2022

	Notes	2022	2021
		£	£
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	**-**	-
Investments	12	**16,064,640**	6,697,305
Trade and other receivables	13	**-**	1,225,570
		16,064,640	7,922,875
CURRENT ASSETS			
Trade and other receivables	13	**5,515,237**	841,502
Investments	14	**100**	-
Cash and cash equivalents	15	**1,482,762**	220,060
		6,998,099	1,061,562
TOTAL ASSETS		**23,062,739**	8,984,437
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	16	**7,225,893**	7,124,355
Share premium		**14,850,928**	11,599,333
Merger reserve		**2,416,667**	2,416,667
Capital redemption reserve		**43,333**	43,333
Fair value reserve		**14,755,732**	6,067,267
Retained earnings		**(20,141,952)**	(18,748,005)
TOTAL EQUITY		**19,150,601**	8,502,950
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities - borrowings			
- Interest bearing loans and borrowings	18	**799,145**	247,232
Deferred taxation	19	**1,258,809**	40,394
		2,057,954	287,626
CURRENT LIABILITIES			
Trade and other payables	17	**41,440**	52,892
Financial liabilities - borrowings			
- Interest bearing loans and borrowings	18	**1,812,744**	140,969
		1,854,184	193,861
TOTAL LIABILITIES		**3,912,138**	481,487
TOTAL EQUITY AND LIABILITIES		**23,062,739**	8,984,437

The financial statements were approved by the Board of Directors and authorised for issue on 24 May 2023 and were signed on its behalf by:

Mark Routh
Director

Statement of Changes in Equity
for the year ended 31 December 2022

	Share capital	Share premium	Merger reserve	Capital redemption reserve	Fair value reserve	Retained earnings	Total
	£	£	£	£		£	£
Balance at 1 January 2021	7,035,589	10,185,819	2,416,667	43,333	-	(14,965,030)	4,716,378
Changes in equity							
Loss for the year	-	-	-	-	-	2,259,796	2,259,796
Issue of shares	88,766	1,492,910	-	-	-	-	1,581,676
Costs of shares issued	-	(54,900)	-	-	-	-	(54,900)
Equity-settled share-based payments		(24,496)	-	-	-	24,496	-
Transfer to fair value reserve	-	-	-	-	6,067,267	(6,067,267)	-
Balance at 31 December 2021	7,124,355	11,599,333	2,416,667	43,333	6,067,267	(18,748,005)	8,502,950
Changes in equity							
Profit for the year	-	-	-	-	-	7,136,907	7,136,907
Issue of shares	101,538	3,333,893	-	-	-	-	3,435,431
Costs of shares issued	-	(112,104)	-	-	-	-	(112,104)
Lapse of share options	-	29,806	-	-	-	(29,806)	-
Equity-settled share-based payments	-	-	-	-	-	187,417	187,417
Transfer to fair value reserve	-	-	-	-	8,688,465	(8,688,465)	-
Balance at 31 December 2022	**7,225,893**	**14,850,928**	**2,416,667**	**43,333**	**14,755,732**	**(20,141,952)**	**19,150,601**

Share capital – The nominal value of the issued share capital

Share premium account – Amounts received in excess of the nominal value of the issued share capital less costs associated with the issue of shares

Merger reserve – The difference between the nominal value of the share capital issued by the Company and the fair value of the subsidiary at the date of acquisition

Capital redemption reserve – The amounts transferred following the redemption or purchase of the Company's own shares

Retained earnings – Accumulated comprehensive income for the year and prior periods

Fair value reserve - the cumulative fair value changes of the company's fixed asset investment, net of deferred tax

Prospex Energy Plc

Statement of Cash Flows
for the year ended 31 December 2022

	Notes	2022 £	2021 £
Cash outflow from operations	1	**(4,113,537)**	(941,242)
Cash flows from investing activities			
Interest received		**2,247**	-
Interest paid		**(124,338)**	(106,722)
Net cash outflow from investing activities		**(122,091)**	(106,722)
Cash flows from financing activities			
New loan notes		**2,370,000**	**-**
Bank loan repayment		**(42,394)**	(7,238)
Loan repayments		**(131,353)**	(56,294)
Share issue		**3,414,181**	1,165,838
Costs of shares issued		**(112,104)**	(54,900)
Net cash inflow from financing activities		**5,498,330**	1,047,406
Increase / (decrease) in cash and cash equivalents		**1,262,702**	(558)
Cash and cash equivalents at beginning of year	2	**220,060**	220,618
Cash and cash equivalents at end of year	2	**1,482,762**	220,060

Notes to the Statement of Cash Flows
for the year ended 31 December 2022

1. RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	2022	2021
	£	£
Cash flows from operations		
Profit before income tax	**8,355,322**	2,300,190
Gain on revaluation of fixed asset investments	**(9,367,435)**	(3,076,415)
Finance income	**(324,052)**	(109,618)
Finance costs	**173,023**	80,771
Operating loss	**(1,163,142)**	(805,072)
Increase in trade and other receivables	**(3,126,358)**	(50,751)
Decrease in trade and other payables	**(11,454)**	(85,419)
Equity settled share-based payments	**187,417**	-
Net cash outflow from operations	**(4,113,537)**	(941,242)

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2022	**31.12.22**	**01.01.22**
	£	**£**
Cash and cash equivalents	**1,482,762**	**220,060**

Year ended 31 December 2021	31.12.21	01.01.21
	£	£
Cash and cash equivalents	220,060	220,618

1. STATUTORY INFORMATION

Prospex Energy Plc is a public limited company, is registered in England and Wales and is quoted on the AIM Market of the London Stock Exchange Plc. The Company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparation
The Company's financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 as they apply to the financial statements of the Company for the year ended 31 December 2022 and as applied in accordance with the provisions of the Companies Act 2006.

The Company financial statements have been prepared under the historical cost convention or fair value where appropriate.

Preparation of consolidated financial statements
The Company is an investment entity and, as such, does not consolidate the investment entities it controls. The Company's interests in subsidiaries are recognised at fair value through profit and loss.

Going concern
The Company has reported an operating loss for the 2022 year of £1,163,142. In 2023 it is expected that the Company will have increased receipts resulting from first gas sales at its investment in Italy. These receipts will initially be received as loan repayments together with interest charged, reimbursing the Company for capital advances made in prior years which were applied to acquisition, exploration and development costs. As a result, it is expected that the Company will again record an operating loss during 2023, but an increase in cash inflows and balance sheet strength.

The Directors have prepared detailed financial forecasts and cash flows looking beyond 12 months from the date of the approval of these financial statements. In developing these forecasts, the Directors have made assumptions based upon their view of the current and future economic conditions that are expected to prevail over the forecast period. The Directors estimate that the cash held by the Company together with known receivables and anticipated income from its Italian asset will be sufficient to support the current level of activities beyond 2023. Furthermore, the Company's asset in Spain is fully self-funding at current operating levels and is expected to have sufficient cash resources and income to fund existing operations beyond the end of 2023.

The Board expects to raise additional funding only as and when required to cover any shortfall between the Group's own cash resources and its development and expansion of activities. Should regulatory approval be received which allows for an expansion of current operations, or appropriate new investment opportunities arise which meet the Company's objectives and criteria, then the Directors will explore all potential sources of funding available to meet such shortfall. Based on the Company's track-record, assets and prospects, the Directors have a reasonable expectation that they will be able to secure such further funding should the need arise.

The Directors have therefore prepared the financial statements on a going concern basis.

Property, plant and equipment
Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.
Computer equipment - 25% per annum on reducing balance

Financial instruments
Financial assets and financial liabilities are recognised on the balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Loans and receivables
These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The principal financial assets of the Company are loans and receivables, which arise principally through the provision of goods and services to customers (e.g. trade receivables) but also incorporate other types of contractual monetary asset. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

The Company's loans and receivables are recognised and carried at the lower of their original amount less an allowance for any doubtful amounts. An allowance is made when collection of the full amount is no longer considered possible.

The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

2. **ACCOUNTING POLICIES - continued**

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 entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Equity comprises the following:
- Share capital represents the nominal value of equity shares;
- Share premium represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue;
- Profit and loss reserve represents retained deficit;
- The capital redemption reserve arises on redemption of shares in previous years and own share reserve;
- Merger reserve represents the difference between the nominal value of the share capital issued by the Company and the fair value of the subsidiary at the date of acquisition;
- Fair value reserve represents the cumulative fair value changes of the company's fixed asset investment, net of deferred tax.

Leases
Leases are recognised as finance leases. The lease liability is initially recognised at the present value of the lease payments which have not yet been made and subsequently measured under the amortised cost method. The initial cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, lease payments made prior to the lease commencement date, initial direct costs and the estimated costs of removing or dismantling the underlying asset per the conditions of the contract.

Where ownership of the right-of-use asset transfers to the lessee at the end of the lease term, the right-of-use asset is depreciated over the asset's remaining useful life. If ownership of the right-of-use asset does not transfer to the lessee at the end of the lease term, depreciation is charged over the shorter of the useful life of the right-of-use asset and the lease term.

Taxation
Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is determined using tax rates that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realised, or the deferred tax liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets are only recognised to the extent that it is probable that future taxable profit will be available against which the asset can be utilised.

Cash and cash equivalents
Cash and cash equivalents include cash at bank and in hand and short-term deposits with an original maturity of three months or less.

Trade and other payables
Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method.

Foreign currency translation
Items included in the Financial Statements are measured using the currency of the primary economic environment in which the Company operates (the functional currency) which is UK sterling (£). The Financial Statements are accordingly presented in UK Sterling.

2. **ACCOUNTING POLICIES - continued**

Foreign currency translation - continued
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or at an average rate for a period if the rates do not fluctuate significantly. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Finance income and finance costs
Finance income is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. It is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

Borrowing costs are recognised as an expense in the period in which they are incurred.

Equity-settled share-based payment
The Company makes equity-settled share-based payments. The fair value of options granted is recognised as an expense, with a corresponding increase in equity. The fair value is measured at grant date and spread over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. The fair value of the options granted is measured based on the Black-Scholes framework, taking into account the terms and conditions upon which the instruments were granted. At each balance sheet date, the Company revises its estimate of the number of options that are expected to become exercisable. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Government grants
Grants that compensate the Company for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.

Accounting standards issued but not yet effective and/or adopted
As at the date of approval of these financial statements, the following standards were in issue but not yet effective. These standards have not been adopted early by the Company as they are not expected to have a material impact on the Company's financial statements.

		Effective date (period beginning on or after)
IFRS 4	Amendments - Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts'	01/01/2023
IFRS 16	Amendment - Lease Liability in a Sale and Leaseback	01/01/2024
IAS 1	Amendment - Classification of Liabilities as Current or Non-Current	01/01/2023
IAS 1, IFRS Practice Statement 2	Amendment - Disclosure of accounting policies	01/01/2023
IAS 1	Amendment - Non-current Liabilities with Covenants	01/01/2024
IAS 8	Amendment - Definition of Accounting estimates	01/01/2023
IAS 12	Amendment - Deferred Taxation related to Assets and Liabilities arising from a Single Transaction	01/01/2023

The International Financial Reporting Interpretations Committee has also issued interpretations which the Company does not consider will have a significant impact on the financial statements.

Revenue recognition

Revenue is measured at the fair value of consideration receivable, net of any discounts and VAT. It is recognised to the extent that the transfer of promised services to a customer has been satisfied and the revenue can be reliably measured.

Revenue from the rendering of services to the customer is considered to have been satisfied when the service has been undertaken.

Revenue which is not related to the principal activity of the Company is recognised in the Statement of Profit or Loss as other operating income. Such income includes consultancy fees and rent receivable.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial information in conformity with IFRS requires the use of certain critical accounting estimates that affect the reported amounts of assets and liabilities at the date of the financial information and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amounts, events or actions, actual results ultimately may differ from these estimates. The estimates and underlying assumptions are as follows:

Investment entities

The judgements, assumptions and estimates involved in the Company's accounting policies that are considered by the Board to be the most important to the portrayal of its financial condition are the fair valuation of the investment and the assessment regarding investment entities. The investment portfolio is held at fair value. The Directors review the valuations policies, process and application to individual investments.

Entities that meet the definition of an investment entity within IFRS 10 are required to account for most investments in controlled entities, as well as investments in associates and joint ventures, at fair value through profit and loss. The Board has concluded that the Company continues to meet the definition of an investment entity as its strategic objective of investing in portfolio investments for the purpose of generating returns in the form of investment income and capital appreciation remains unchanged

Fair value is the underlying principle and is defined as "the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date". Fair value is therefore an estimate and, as such, determining fair value requires the use of judgement. The quoted assets in our portfolio are valued at their closing bid price at the balance sheet date. The largest investment in the portfolio, however, is represented by an unquoted investment.

Impairment of assets

The Company's principal investments are in wholly owned unquoted subsidiaries which each have a minority interest in overseas entities with energy assets.

The Company is required to test, on an annual basis, whether its non-current assets have suffered any impairment. Determining whether these assets are impaired requires an estimation of the value in use of the cash-generating units to which the assets have been allocated. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate to calculate the present value. Subsequent changes to the cash generating unit allocation or to the timing of cash flows could impact on the carrying value of the respective assets.

The calculation of value-in-use for energy assets under development or in production is most sensitive to the following assumptions:

- Commercial reserves
- production volumes;
- commodity prices;
- fixed and variable operating costs;
- capital expenditure; and
- discount rates.

A potential change in any of the above assumptions may cause the estimated recoverable value to be lower than the carrying value, resulting in an impairment loss. The assumptions which would have the greatest impact on the recoverable amounts of the fields are production volumes and commodity prices

Share based payments

The estimates of share-based payments requires that management selects an appropriate valuation model and make decisions on various inputs into the model including the volatility of its own share price, the probable life of the options before exercise and behavioural consideration of employees.

Deferred tax assets

Deferred taxation is provided for using the liability method. Deferred tax assets are recognised in respect of tax losses where the Directors believe that it is probable that future profits will be relieved by the benefit of tax losses brought forward. The Board considers the likely utilisation of such losses by reviewing budgets and medium-term plans for the Company. The Directors have decided that no deferred tax asset should be recognised at 31 December 2022. If the actual profits earned by the Company differs from the budgets and forecasts used then the value of such deferred tax assets may differ from that shown in these financial statements.

4. **REVENUE**

Segmental reporting
The Company is an Investing Company. The results for this continuing operation, all of which were carried out in the UK, are disclosed in the Income Statement. The net assets as at 31 December 2022 as shown on the Statement of Financial Position all relate to the Investment activity.

5. **OTHER OPERATING INCOME**

	2022	2021
	£	£
Consultancy fees	**-**	29,150
Government grants	**-**	57,454
	-	86,604

6. **EMPLOYEES AND DIRECTORS**

	2022	2021
	£	£
Wages and salaries	**484,633**	460,249
Social security costs	**56,425**	49,550
Other pension costs	**10,140**	21,395
Share-based payments	**179,971**	-
	731,169	531.194

The average number of employees during the year was as follows:

	2022	2021
	Number	Number
Directors	**4**	6
Staff	**3**	4
	7	10

Under the Pensions Act 2008, every employer must put certain staff into a pension scheme and contribute to it. The Company auto-enrolled its eligible employees in a defined contribution scheme. The charge to the Statement of Profit or Loss represents the amounts paid to the scheme. At the year end, the amount due to the pension scheme was £nil (2021: £nil).

Details of Directors' remuneration can be found in note 24.

7. **NET FINANCE COSTS**

	2022	2021
	£	£
Finance income		
Interest receivable on group loan	**321,805**	109,618
Bank interest receivable	**2,247**	-
	324,052	109,618
Finance costs		
Loan interest payable	**166,718**	70,211
Bank loan interest	**821**	1,375
Other interest payable	**-**	1,333
Interest on overdue tax	**5,484**	7,852
	173,023	80,771
Net finance income	**151,029**	28,847

8. PROFIT BEFORE INCOME TAX

The profit before income tax is stated after charging:

	2022	2021
	£	£
Other operating leases	**-**	9,744
Auditors' remuneration	**27,000**	25,000
Foreign exchange differences	**1,733**	3,743

9. INCOME TAX

	2022	2021
	£	£
Current tax charge		
UK corporation tax on profit for the period at 19% (2021: 19%)	**-**	-
Deferred taxation	**1,218,415**	40,394
Tax charge for the year	**1,218,415**	40,394

Factors affecting the tax expense

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2022	2021
	£	£
Factors affecting the tax charge for the year:		
Profit before income tax	**8,355,322**	2,300,190
Profit before income tax multiplied by effective rate of UK corporation tax of 19.00% (2021: 19.00%)	**1,587,511**	437,036
Effects of		
Non-deductible expenses	**36,560**	(3,366)
Losses used for group relief	**17,638**	1,792
Tax losses not utilised	**138,104**	149,057
Unrealised chargeable losses	**(1,779,813)**	(584,519)
Deferred taxation	**1,218,415**	40,394
	(369,096)	(396,642)
Current tax charge	**1,218,415**	40,394

There is no provision for UK Corporation Tax due to adjusted losses for tax purposes, subject to agreement with HM Revenue and Customs. The deferred tax asset, measured at the standard rate of 25%, of approximately £2.1m (2021: 25% - £1.9m) arising from the accumulated tax losses of approximately £8.4m (2021: £7.6m) carried forward has been used to reduce the deferred tax charge on the unrealised gain arising on the revaluation of investments. This will be subject to agreement with HMRC.

The main UK corporation tax rate has changed from 19% to 25% with effect from 1 April 2023. The deferred tax liability arising on the revaluation of the Company's fixed asset investments has been calculated using 25%, reduced by the availability of tax losses.

10. EARNINGS PER SHARE

	Year ended 31 December 2022			Year ended 31 December 2021		
	Earnings £	**Number of shares**	**Per share amount**	Earnings £	Number of shares	Per share amount
Basic EPS						
Profit for the year and earnings available to ordinary shareholders	**7,136,907**	**247,635,519**	**2.88p**	2,259,796	140,431,111	1.61p
Effect of dilutive securities						
Options and warrants	**-**	**3,057,387**		-	200,265	
Convertible Loan Notes	**129,734**	**22,291,906**		-	-	
Diluted EPS						
Adjusted earnings	**7,266,641**	**272,984,812**	**2.66p**	2,259,796	140,631,376	1.61p

The exercisable share options and warrants are deemed to be dilutive in nature where their exercise price is less than the average share price for the period.

11. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment £
COST	
At 1 January 2021 and 2022 and 31 December 2022	**1,699**
DEPRECIATION	
At 1 January 2021 and 2022 and 31 December 2022	**1,699**
NET BOOK VALUE	
At 31 December 2022	**-**
At 31 December 2021	-

12. INVESTMENTS

	Shares in group undertakings £	**Unlisted investments £**	**Total £**
COST			
At 1 January 2021	3,570,890	50,000	3,620,890
Revaluations	3,076,415	-	3,076,415
At 31 December 2021	6,647,305	50,000	6,697,305
Revaluations	9,367,435	-	9,367,435
Reclassified to current asset investments	(100)	-	(100)
At 31 December 2022	**16,014,640**	**50,000**	**16,064,640**

Shares in group undertakings represent investments in PXOG Marshall Limited of £16,014,540 (2021: £6,647,205) and PXOG Muirhill Limited of £100 (2021: £100).

The Company's investments at the Statement of Financial Position date in the share capital of companies include the following:

12. **INVESTMENTS - continued**

PXOG Marshall Limited

Registered office: 60 Gracechurch Street, London EC3V 0HR

Nature of business: Investment entity	% holding
Class of shares:	
Ordinary shares	100.00

	2022	2021
	£	£
Aggregate capital and reserves	**16,014,540**	6,647,205
Profit for the year	**9,367,335**	3,076,415

The underlying value of PXOG Marshall Limited is based on the underlying value of the Podere Gallina permit, Po Valley, Italy, of which it owned 37% at the year end. Consistent with prior years, a discounted cash flow ("DCF") model was produced at the year end, based on proved and probable (2P) reserves supported by a Competent Person Report (CPR) produced in July 2022. The DCF model has been updated to reflect forward gas prices as at 11 May 2023 using the Dutch TTF Gas Futures contracts for 2023 and subsequent production years. The DCF model has also been updated to account for an accelerated annual production rate which shortens the cashflow period from 15 years to 10 years. The increased annual production rate is based on testing carried out by the operator. The DCF cashflows were discounted at 10% p.a. In addition, consistent with the prior year, a risked valuation of 2C contingent resources in the Selva North and South fields in the 2022 CPR has been updated and included.

PXOG Muirhill Limited

Registered office: 60 Gracechurch Street, London EC3V 0HR

Nature of business: Investment entity	% holding
Class of shares:	
Ordinary shares	100.00

	2022	2021
	£	£
Aggregate capital and reserves	**17,311**	(19,984)
Profit/(loss) for the year	**37,295**	(20,084)

PXOG Muirhill Limited holds its interests in the Tesorillo and El Romeral projects through its holdings of A and B shares respectively in Tarba Energia S.L. Consistent with the prior year, these investments are being held at the cost of investment in Prospex Energy Limited and in PXOG Muirhill Limited.

All of the subsidiaries are incorporated in the UK and registered in England & Wales.

Investments are recognised and de-recognised on the date when their purchase or sale is subject to a relevant contract and the associated risks and rewards have been transferred. The Company manages its investments with a view to profiting from the receipt of investment income and capital appreciation from changes in the fair value of investments.

All investments are initially recognised at the fair value of the consideration given and are subsequently measured at fair value through profit and loss.

Unquoted investments, including both equity and loans are designated at fair value through profit and loss and are subsequently carried in the statement of financial position at fair value. Fair value is determined in line with the fair value guidelines under IFRS.

In accordance with IFRS 10, the proportion of the investment portfolio held by the Company's unconsolidated subsidiaries is presented as part of the fair value of investment entity subsidiaries, along with the fair value of their other assets and liabilities.

The holding period of the Company's investment portfolio is on average greater than one year. For this reason, the portfolio is classified as non-current. It is not possible to identify with certainty investments that will be sold within one year.

Investments in investment entity subsidiaries are accounted for as financial instruments at fair value through profit and loss and are not consolidated in accordance with IFRS10.

12. **INVESTMENTS - continued**

These entities hold the Company's interests in investments in portfolio companies. The fair value can increase or reduce from either cash flows to/from the investment entities or valuation movements in line with the Company's valuation policy.

The fair value of these entities is their net asset values.

The Directors determine that in the ordinary course of business, the net asset values of an investment entity subsidiary are considered to be the most appropriate to determine fair value. At each reporting period, they consider whether any additional fair value adjustments need to be made to the net asset values of the investment entity subsidiaries. These adjustments may be required to reflect market participants' considerations about fair value that may include, but are not limited to, liquidity and the portfolio effect of holding multiple investments within the investment entity subsidiary.

13. **TRADE AND OTHER RECEIVABLES**

	2022	2021
	£	£
Current:		
Trade debtors	**-**	22,470
Amounts owed by group undertakings	**5,496,676**	803,609
Other debtors	**1,883**	1,883
VAT	**5,760**	6,988
Prepayments and accrued income	**10,918**	6,552
	5,515,237	841,502
Non-current:		
Amounts owed by group undertakings	**-**	1,225,570
Aggregate amounts	**5,515,237**	2,067,072

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

In 2018 the Company provided an interest-free loan to PXOG Marshall Limited, a wholly owned subsidiary. The fair value of the financial element of the loan has been calculated by discounting the future cash flow of the loan, £1,056,391, at the market rate of 10%. The difference between the total loan and the fair value of the loan i.e. the non-financial element of the loan, has been accounted for as an addition to shares in group undertakings (note 12).

Since 1 January 2022, the above loan has been amalgamated with further loans provided to PXOG Marshall Limited, with interest charged at 10% per annum on the total balance. These loans are repayable on demand.

14. **CURRENT ASSET INVESTMENTS**

	2022	2021
Shares held for sale	**£**	£
Shares in group undertakings	**100**	-

The investment in PXOG Massey Limited is held at £100, based on the SPA agreement which is pending completion of sale to H2Oil Limited. In August 2020, Prospex signed a sale and purchase agreement ('SPA') with H2Oil Limited ('H2Oil') regarding the sale of the entire issued share capital of PXOG Massey Limited ('Massey'). Under the terms of the SPA, the Company will receive up to £215,000 in cash in respect of historical debt owed to the Company by Massey and nominal consideration for shares in Massey of which 85% of the funds (£182,650) had been received by Prospex by 31 December 2020. As at the balance sheet date, although it is still expected, the final condition of the SPA had not been met.

15. CASH AND CASH EQUIVALENTS

	2022	2021
	£	£
Bank accounts	**1,482,762**	220,060

The Directors consider that the carrying amount of cash and cash equivalents approximates to their fair value. All of the Company's cash and cash equivalents are at floating rates of interest.

16. CALLED UP SHARE CAPITAL

	2022	2021	**2022**	2021
	Number	Number	**£**	£
Allotted, called up and fully paid				
Ordinary shares of 0.1p each - new	**278,847,512**	177,310,283	**278,848**	177,310
Deferred shares of 0.1p each	**942,462,000**	942,462,000	**942,462**	942,462
Deferred shares of £24 each	**54,477**	54,477	**1,307,459**	1,307,459
Deferred shares of 0.9p each	**285,785,836**	285,785,836	**2,572,073**	2,572,073
Deferred shares of £4.80 each	**442,719**	442,719	**2,125,051**	2,125,051
			7,225,893	7,124,355

Share issues

In February 2022, the Company raised £2,454,800 before expenses by way of a placing of 70,137,143 new ordinary shares of £0.001 each in the Company at a price of 3.50 pence per share (the "Placing"). The net proceeds of the Placing were primarily used to fund the acquisition of 20% of the Selva Field in Italy through its subsidiary PXOG Marshall Limited and as development costs of the Selva project.

In October 2022, £21,250 of the Convertible Loan Note 2022, were converted into 500,000 new ordinary shares of £0.001 each at a price of 4.25 pence per share

During the year, 1,920,000 new ordinary shares of £0.001 were issued at a price of 2.25 pence each on the exercise of warrants, raising £43,200 before expenses.

During the year, 24,325,955 new ordinary shares of £0.001 were issued at a price of 3.00 pence each on the exercise of warrants, raising £729,779 before expenses.

In September and October 2022, 4,654,131 new ordinary shares of £0.001 were issued at a price of 4.00 pence each on the exercise of share options, raising £186,165 before expenses.

Deferred shares rights

The deferred shares have no rights to vote, attend or speak at general meetings of the Company or to receive any dividend or other distribution and have limited rights to participate in any return of capital on a winding-up or liquidation of the Company.

17. TRADE AND OTHER PAYABLES

	2022	2021
	£	£
Current:		
Trade creditors	**-**	8,423
Social security and other taxes	**15,419**	19,469
Accruals and deferred income	**26,021**	25,000
	41,440	52,892

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

18. FINANCIAL LIABILITIES - BORROWINGS

	2022	2021
	£	£
Current:		
Bank loan	**-**	9,616
Unsecured loan notes	**1,812,744**	131,353
	1,812,744	140,969

	2022	2021
	£	£
Non-current:		
Bank loan	**-**	32,778
Unsecured loan notes	**799,145**	214,454
	799,145	247,232

Terms and debt repayment schedule:

2022	**1 year or less** £	**1-2 years** £	**2-5 years** £	**Total** £
Bank loan	-	-	-	-
Unsecured loan notes	1,812,744	799,145	-	2,611,889
	1,812,744	799,145	-	2,611,889

2021	**1 year or less** £	**1-2 years** £	**2-5 years** £	**Total** £
Bank loan	9,616	9,859	22,919	42,394
Unsecured loan notes	131,353	214,454	-	345,807
	140,969	224,313	22,919	388,201

Loan notes

	Loan notes				
	2018	**2020**	**2021**	**2022**	**Total**
	£	**£**	**£**		**£**
At 1 January 2021	402,101	415,838	-	-	817,939
Converted into shares	-	(415,838)		-	(415,838)
Transferred to new loan note	(321,681)	-	321,681	-	-
Repaid in year	(56,294)	-	-	-	(56,294)
At 31 December 2021	24,126	-	321,681	-	345,807
Issued in year	-	-	-	2,370,000	2,370,000
Interest capitalised	-	-	-	48,685	48,685
Converted into shares	-	-	-	(21,250)	(21,250)
Repaid in year	(24,126)	-	(107,227)	-	(131,353)
At 31 December 2022	**-**	**-**	**214,454**	**2,397,435**	**2,611,889**

2018 Loan note

The 2018 Notes pay 10% interest biannually. Repayments of capital started in December 2020 with final repayment due on 30 June 2022 (four equal payments). See below for details of capital rolled into 2021 Loan note.

18. **FINANCIAL LIABILITIES – BORROWINGS - continued**

2020 Loan note

The 2020 Notes pay 10% interest per annum. The term of the 2020 Notes is 18 months with capital repayment of unconverted amounts due on 30 June 2022. The 2020 Notes granted the subscribers the right but not the obligation to convert the loan, on notice, into new ordinary shares in the Company each at 2.05 pence per share.

During 2021, the loan note subscribers converted their loans of £415,838 into 20,284,787 new ordinary shares of 0.1p per share at a price of 2.05p per share.

2021 Non-Convertible Loan note

In June 2021, holders of £321,681 of the 2018 loan note agreed to rollover their combined holdings into a new unsecured loan note ('the 2021 Loan Note'). The Company issued £321,681 of the 2021 Loan Note to existing holders of the 2018 Loan Note ('the Subscribers'), including several directors of the Company.

Under the terms of 2018 Loan Note, holders were entitled to the outstanding capital returned in equal instalments in June 2021, December 2021 and June 2022. The terms of the 2021 Loan Note reflect those of the 2018 Loan Note except all the capital repayment dates have effectively been extended by 18 months to December 2022, June 2023 and December 2023, while the annualised interest rate is now 12% versus 10%. The 2021 Loan Note will pay 6% interest every six months, with the first payment due on 31 December 2021. The 2021 Loan Note is not convertible.

July 2022 Convertible Loan note

The July 2022 Convertible Loan Notes totalling £1.87 million pay interest at 12% per annum, on a quarterly basis. The first interest payment on 30 September 2022 was capitalised and added to the loan principal.

The July 2022 Convertible Loan Notes are convertible at 4.25p per ordinary share at any time at the election of the Noteholder. The Loan principal is to be repaid in three equal tranches – 30 September 2023, 31 December 2023 and 31 March 2024.

September 2022 Convertible Loan note

The September 2022 Convertible Loan Notes totalling £0.5 million pay interest at 15% per annum, on a quarterly basis. The first interest payment on 30 September 2022 was capitalised and added to the loan principal.

The September 2022 Convertible Loan Notes are convertible at 5.50p per ordinary share at any time at the election of the Noteholder. The Loan principal is to be repaid in three equal tranches – 30 September 2023, 31 December 2023 and 31 March 2024.

19 **DEFERRED TAXATION**

	2022	2021
	£	£
At 1 January 2022	**40,394**	-
On revaluation of investments	**1,218,415**	40,394
At 31 December 2022	**1,258,809**	40,394

20. **FINANCIAL INSTRUMENTS**

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

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables

A summary of the financial instruments held by category is provided below:

	2022	2021
Financial assets measured at amortised costs:	**£**	£
Trade and other receivables	**7,643**	37,893
Cash and cash equivalents	**1,482,762**	220,060
Amounts owing from group undertakings	**5,496,676**	2,029,179
	6,987,081	2,287,132

20. **FINANCIAL INSTRUMENTS - continued**

	2022	2021
Financial liabilities measured at amortised costs:	**£**	£
Bank loans	**-**	42,394
Unsecured loan notes	**2,611,889**	345,807
Trade and other payables	**41,440**	52,892
Total financial liabilities	**2,653,329**	441,093

Financial assets at fair value through profit or loss
Financial instruments that are measured at fair value are classified using a fair value hierarchy that reflects the source of inputs used in deriving the fair value. The three classification levels are:
– Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
– Level 2: 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: inputs for the asset or liability that are not based on observable market data (unobservable market inputs).

The following table presents the Company's assets carried at fair value by valuation method:

Financial assets at fair value through profit or loss:

	Fair value measurement		
	Level 1	**Level 2**	**Level 3**
	£	**£**	**£**
At 31 December 2022	**-**	**-**	**16,064,640**
At 31 December 2021	-	-	6,697,305

The financial assets at fair value through profit and loss are the Company's holdings in subsidiary undertakings and one unquoted security and within Level 3 of the fair value hierarchy.

The fair value is determined to be equal to the cost of the investment and is reviewed periodically based on information available about the performance of the underlying business. Where cost is deemed to be inappropriate, the following table shows the valuation technique used in measuring Level 3 fair values for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used. The only method used is that of NPV.

Valuation technique	**Significant unobservable inputs**	**Inter-relationship between significant unobservable inputs and fair value measurement**
NPV - The valuation model considers the present value of expected receipts, discounted using a risk-adjusted discount rate. The expected receipt is determined by considering the possible scenarios of forecast revenue and gas prices, the amount to be received under each scenario and the probability of each scenario.	Forecast annual revenue growth rate Forecast gas prices Risk-adjusted discount rate	The estimated fair value would increase (decrease) if: – the annual revenue growth rate were higher (lower); – the gas prices were higher (lower); or – the risk-adjusted discount rate were lower (higher). Generally, a change in the any of the above variables would be accompanied by a directionally similar change in revenue receipts and a consequential change in the valuation of the investment

20. **FINANCIAL INSTRUMENTS - continued**

Financial risk management

The Company's activities expose it to a variety of risks including market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk. The Company manages these risks through an effective risk management programme and through this programme, the Board seeks to minimise potential adverse effects on the Company's financial performance.

The Board provides written objectives, policies and procedures with regards to managing currency and interest risk exposures, liquidity and credit risk including guidance on the use of certain derivative and non-derivative financial instruments.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its receivables and its cash deposits. It is Company policy to assess the credit risk of new customers before entering contracts. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk and interest rate risk

Liquidity risk arises from the Company's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Board regularly receives cash flow projections for a minimum period of 12 months, together with information regarding cash balances monthly.

The Company is principally funded by equity and invests in short-term deposits, having access to these funds at short notice. The Company's policy throughout the period has been to minimise interest rate risk by placing funds in risk free cash deposits but also to maximise the return on funds placed on deposit.

All cash deposits attract a floating rate of interest. The benchmark rate for determining interest receivable and floating rate assets is linked to the UK base rate.

Foreign currency exposure

At 31 December 2022, the Company's monetary assets and liabilities are denominated in GBP Sterling, the functional currency of the Company and therefore at the year end the company had no exposure to net currency gains and losses.

Although the Company's subsidiary undertakings operate in the Eurozone and the Company provides working capital to those companies, it has no formal policies in place to hedge the Company's activities to the exposure to currency risk. It is the Company's policy to ensure that it enters into transactions in its functional currency wherever possible.

Management regularly monitor the currency profile and obtain informal advice to ensure that the cash balances are held in currencies which minimise the impact on the results and position of the Company from foreign exchange movements.

21. **RELATED PARTY DISCLOSURES**

Included in loans to group undertakings is an amount of £13 (2021: £13) due from PXOG Massey Limited, the Company's wholly owned subsidiary.

Included in trade and other receivables is an amount of £4,821,467 (2021: £1,225,570) due from PXOG Marshall Limited, the Company's wholly owned subsidiary. Interest receivable of £321,805 (2021: £109,618) has been accounted for in the Statement of Profit or Loss.

Included in trade and other receivables is an amount of £675,196 (2021: £803,596) due from PXOG Muirhill Limited, the Company's wholly owned subsidiary.

Included in trade and other receivables is an amount of £nil (2021: £22,470) due from Tarba Energia S.L. ("Tarba"). Mark Routh is a director of Tarba.

21. RELATED PARTY DISCLOSURES

At the balance sheet date, the Directors had the following interests in the unsecured loan notes (note 18):

	2022	2021
	£	£
Mark Routh	**51,164**	-
Richard Mays	**87,589**	13,403
William Smith	**51,164**	40,210
Alasdair Buchanan	**51,042**	-

22. ULTIMATE CONTROLLING PARTY

In the opinion of the Directors, there is no ultimate controlling party.

23. SHARE-BASED PAYMENT TRANSACTIONS

Share options
At 31 December 2021 and 31 December 2022 outstanding awards to subscribe for ordinary shares of 0.1p each in the Company, granted in accordance with the rules of the share option scheme, were as follows:

2022	**Number of shares**	**Weighted average remaining contractual life (years)**	**Weighted average exercise price (pence)**
Brought forward	**5,820,544**	**1.46**	**6.27**
Granted during the year	**10,300,000**		**-**
Exercised during the year	**(4,654,131)**		**-**
Lapsed during the year	**(1,600)**		**-**
Carried forward	**11,464,813**	**2.84**	**6.61**

2021	Number of shares	Weighted average remaining contractual life (years)	Weighted average exercise price (pence)
Brought forward	5,820,544	2.46	6.27
Carried forward	5,820,544	1.46	6.27

23. **SHARE-BASED PAYMENT TRANSACTIONS - continued**

All options were exercisable at the year end. 4,654,131options were exercised during the year.

The following share-based payment arrangements were in existence at the year-end.

	Options	Number	Expiry date	Exercise price	Fair value at grant date
1	Granted 16 April 2015	113,884	15/04/2025	76.25p	1.94p
2	Granted 1 June 2020	1,050,929	01/06/2023	4.00p	1.79p
3	Granted 18 March 2022	6,700,000	17/03/2025	5.00p	1.23p
4	Granted 23 September 2022	3,600,000	23/09/2027	8.15p	2.91p

The fair value of remaining share options has been calculated using the Black Scholes model. The assumptions used in the calculation of the fair value of the share options outstanding during the year are as follows:

	Options	Grant date share price	Exercise price	Expected volatility	Expected option life (years)	Risk-free interest rate
1	Granted 16 April 2015	100.00p	76.25p	71.50%	3.00	0.71%
2	Granted 1 June 2020	2.75p	4.00p	163.60%	3.00	0.64%
3	Granted 18 March 2022	3.85p	5.00p	89.40%	2.00	1.21%
4	Granted 23 September 2022	7.85p	8.15p	87.40%	2.00	4.03%

The fair value has been calculated assuming that there will be no dividend yield.

Volatility was determined by reference to the standard deviation of expected share price returns based on a statistical analysis of daily share prices over a 3-year period to grant date. All of the above options are equity settled.

All of the share options are equity settled and the charge for the year is £187,417 (2021: £nil).

Warrants

At 31 December 2021 and 31 December 2022, outstanding warrants to subscribe for ordinary shares of 0.1p each in the Company, granted in accordance with the warrant instruments issued by Prospex, were as follows:

2022	**Number of shares**	**Weighted average remaining contractual life (years)**	**Weighted average exercise price (pence)**
Brought forward	**27,245,000**	**1.22**	**3.03**
Exercised in the year	**(26,253,316)**		**3.02**
Lapsed during the year	**(325,000)**		**10.00**
Carried forward	**666,684**	**0.23**	**3.00**

2021	Number of shares	Weighted average remaining contractual life (years)	Weighted average exercise price (pence)
Brought forward	18,806,694	1.97	2.38
Granted during the year	26,920,000		2.95
Exercised during the year	(18,481,694)		2.95
Carried forward	27,245,000	1.22	3.03

During 2022, 7,361 of Treasury Shares were used to satisfy the exercise of warrants.

23. **SHARE-BASED PAYMENT TRANSACTIONS - continued**

Warrants - continued

All warrants were exercisable at the year end.

The following warrants were in existence at the year end.

	Warrants	Number	Expiry date	Exercise price	Fair value at grant date
1	Granted 23 March 2021	666,684	23/03/2023	3.00p	N/A

The fair value of the remaining warrants has been calculated using the Black-Scholes model. The assumptions used in the calculation of the fair value of the share options outstanding during the year are as follows:

	Warrants	Grant date share price	Exercise price	Expected volatility	Expected option life (years)	Risk-free interest rate
1	Granted 23 March 2021	1.65p	3.00p	N/A	2.00	N/A

The fair value has been calculated assuming that there will be no dividend yield.

Volatility was determined by reference to the standard deviation of expected share price returns based on a statistical analysis of daily share prices over a 3-year period to grant date. All of the above options are equity settled.

25m of the warrants granted on 23 March 2021 fell outside the scope of IFRS and as such no charge was made. All of the share warrants are equity settled and the charge for the year is £nil (2021: £24,496). As the warrants relating to the charge for 2021 were all in consideration of shares issued during the year, it was taken directly to equity and charged against the share premium as costs in respect of the issue of shares.

24. **DIRECTORS' EMOLUMENTS**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling activities of the Company, including all directors of the Company.

	2022	2021
	£	£
Salaries and other short-term employee benefits	**254,833**	192,072
Post-employment benefits	**-**	11,267
Share-based payment	**163,994**	-
	418,827	203,339

24. **DIRECTORS' EMOLUMENTS – continued**

	Salaries and fees £	Benefits in kind £	Pension contributions £	Share-based payment £	**2022 £**	2021 £
Mark Routh	200,833	-	-	52,094	**252,927**	71,923
Richard Mays	15,000	-	-	37,300	**52,300**	15,000
William Smith	24,000	-	-	37,300	**61,300**	13,500
Alasdair Buchanan	15,000	-	-	37,300	**52,300**	4,615
Edward Dawson - resigned 27/07/2021	-	-	-	-	**-**	89,551
James Smith - resigned 27/07/2021	-	-	-	-	**-**	8,750
	254,833	-	-	163,994	**418,827**	203,339

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to nil (2021:1).

The Directors interests in share options as at 31 December 2022 are as follows:

Director	**Number of shares**	**Exercise price**	**Date of grant**	**First date of exercise**	**Final date of exercise**
Mark Routh	2,100,000	5.00p	18/03/2022	18/03/2022	17/03/2025
Mark Routh	900,000	8.15p	23/09/2022	23/09/2022	22/09/2027
	3,000,000				
Richard Mays	21,669	76.25p	14/04/2015	14/04/2015	13/04/2025
Richard Mays	900,000	5.00p	18/03/2022	18/03/2022	17/03/2025
Richard Mays	900,000	8.15p	23/09/2022	23/09/2022	22/09/2027
	1,821,669				
William Smith	21,669	76.25p	14/04/2015	14/04/2015	13/04/2025
William Smith	900,000	5.00p	18/03/2022	18/03/2022	17/03/2025
William Smith	900,000	8.15p	23/09/2022	23/09/2022	22/09/2027
	1,821,669				
Alasdair Buchanan	900,000	5.00p	18/03/2022	18/03/2022	17/03/2025
Alasdair Buchanan	900,000	8.15p	23/09/2022	23/09/2022	22/09/2027
	1,800,000				

The options awarded to Richard Mays are held in the name of Sallork Limited, a company he owns and controls.

25. **EVENTS AFTER THE REPORTING PERIOD**

In February 2023, the Company granted 3,700,000 share options in the Company to directors and other staff. The options were awarded at 12.25p per share, vest on 1 June 2023 and are exercisable for a period of five years. The options issued to the directors were:

Mark Routh	1,233,333
William Smith	370,000
Alasdair Buchanan	370,000
	1,973,333

Between January and March 2023 £197,882 of the July 2022 Convertible Loan Notes have been converted in to 4,656,073 ordinary shares of the company.

In February 666,484 3p warrants were exercised generating proceeds of £20,000.