REGISTERED NUMBER: 03896382 (England and Wales)

Strategic Report, Report of the Directors and

Financial Statements for the Year Ended 31 December 2023

for

Prospex Energy Plc

Contents of the Financial Statements
for the year ended 31 December 2023

Company Information
for the year ended 31 December 2023

DIRECTORS:	M C Routh W H Smith A I Buchanan A N J Hay (appointed 19 April 2023)
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 2023

Prospex Energy is an AIM quoted investment company with interests in two producing fields, in Spain and Italy, both of which are operated by the Company's partners. During 2023 the Company, through its investment in Tarba Energía S.L. (held via PXOG Muirhill Ltd) continued with electricity sales from its gas to power facility in southern Spain and from July 2023 also had production income from the sale of natural gas from the Selva field in northern Italy. Operations in the Company's investment portfolio were carried out with an exemplary safety performance by our operators, contractors and partners with just one minor lost time incident at our Spanish asset and no environmental issues or incidents. 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 2023 financial and corporate highlights for Prospex Energy were strengthened by revenue generated from production at two onshore gas assets situated in stable European countries. However, the year saw commodity prices soften following the unsustainable and inflated high prices experienced in 2022, attributable to global tensions, perceived risk and concerns regarding energy supply in Europe. Naturally, and with commodity pricing having returned to more normal levels, there has been a consequent adjustment to the share price.

In February 2023, Po Valley Operations Limited ("PVO"), the operator of the Selva Malvezzi production concession, in which Prospex has a 37% working interest, signed an 18-month gas sales contract with BP Gas Marketing ("BPGM") to commence on 1 April 2023 with potential to extend, on behalf of the Joint Venture. The joint venture partners are confident that the BPGM contract will be renewed before the end of its 18-month term on 1 October 2024. An estimated 37 million standard cubic metres of natural gas is expected to be supplied to BPGM under the contract. The gas supply price is linked to Italy's "Heren PSV day ahead mid-price assessment." During the period, the Company also announced that the Joint Venture was fully funded to complete the Podere Maiar-1 production facility development with first gas on track for Q2 2023.

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 ("Tarba"), the operating company. It is currently operating at about 30% of its full capacity because Tarba is waiting on permits to drill further natural gas wells on the concessions to increase production. Prospex owns a 49.9% working interest in the El Romeral project via Tarba which is owned through its investment in PXOG Muirhill Limited. 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 February 2023, 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.

Mr. Andrew Hay was appointed as Non-Executive Director of Prospex Energy plc in April 2023. Andrew has more than 30 years of experience in the corporate finance sector and capital markets and a deep understanding of the upstream energy markets.

In May 2023, construction of the gas processing facility at the Podere Maiar 1 wellsite at the Selva field in the Po Valley was completed on schedule and within 3% of budget with successful connection to the Italian National Transmission System Operator ("SNAM") gas grid. PVO successfully recovered the €757,000 performance bond (€280,090 net to PXEN) previously deposited with SNAM. The return of the bond was conditional on the completion of the SNAM pipeline tie in connection, the Gas Sales Agreement and the transportation arrangements.

In May 2023, through Tarba, 20 hectares of land adjacent to the El Romeral power plant in Spain was leased for 25 years for Project Helios, a 5MW solar photovoltaic project. The project, which involves the installation of an array of solar panels with a maximum power output of 5MW peak, was tendered with five companies based in Spain. Permitting, procurement and installation is expected to take less than 12 months. Tarba has an existing grid connection with 8.2MW output allocated to El Romeral which is currently utilising just 2.7 MW. Further grid capacity is expected to be available to accept increased output with the existing infrastructure.

In June 2023, final safety checks by the local Fire Department were successfully completed and formal documentation was issued by the Italian Energy Ministry to enable the commencement of gas production from the Selva field.

Chairman's Report - continued
for the year ended 31 December 2023

On 4 July 2023 the Company announced the start of gas production from the Selva field in the Po Valley region of northern Italy. This was a transformational milestone securing production income from two onshore assets in two European countries.

In July 2023, the Company launched a new corporate website at www.prospex.energy.

In early August 2023, PVO completed a four-week ramp-up and commissioning programme at the new gas processing facilities at the Podere Maiar-1 well site in the Selva gas field.

By September 2023, all of the convertible loan notes issued in July 2022 were converted to equity at 4.25p per share. The £1.87 million raised through their issue helped to fund the Selva development project to first gas.

In October 2023, PVO reported that production at the Podere Maiar-1 gas well was running at 62,000 scm/d in line with the outlined ramp-up and testing programme. Longer term production rates from the well were set at targeting at least 80,000 scm/d. (scm = standard cubic metres).

Gross quarterly production from the Selva field for the third quarter of 2023 was reported at 5,658,117 scm (2,093,503 scm attributable to Prospex) and gross revenue for the quarter was €1,937,072 (€716,717 attributable to Prospex).

In 2023, the El Romeral power plant in Spain generated gross revenues from electricity production of €1.8 million (≈€0.9 million net to PXEN).

Gross quarterly production from the Selva field for the fourth quarter of 2023 was reported at 4,180,015 scm of gas (1,546,605 scm attributable to Prospex) and gross revenue for the quarter €1,773,302 (€656,122 attributable to Prospex).

The operator PVO is progressing with the other projects in the Selva Malvezzi production concession including interactions with local landowners and progressing the permitting process with the regulatory authorities. Following a successful project of reprocessing the existing 2D seismic lines across the production concession, the Joint Venture is evaluating the potential for a new seismic acquisition programme over the licence area in order to optimise the drilling programmes of the identified contingent resources at Selva North, Selva South and the East Selva and Riccardina prospects.

Post period end:

Gross Quarterly production from the Selva field for the first quarter of 2024 was 6,385,255 scm of gas (2,362,544 scm attributable to Prospex) and gross revenue for the quarter was €1,906,891 (€705,549 attributable to Prospex).

Also post period end, all remaining interest-bearing debt outstanding at the reporting date, and accrued interest, was repaid to our supportive Loan Note holders by 31 March 2024. No further debt or equity raises have occurred between the reporting date and the date of this report.

The Company now has no outstanding debts and has general and administrative costs from this point forward covered by its production income.

Financial Review

The Company recorded a loss for the year of £1,231,400 (2022: profit - £7,136,907).

The current year's loss includes an unrealised loss on revaluation of investments of £469,709 predominantly reflecting the impact on the Company's investments of the decline in the forward curve of prices for European natural gas during 2023.

The prior year's profit was due to a £9,367,435 surplus on the revaluation of investments predominantly reflecting an increased working interest, from 17% to 37%, acquired in the Italian Podere Gallina licence (now the Selva Malvezzi Production Concession) during 2022.

Administrative expenses increased by £136,788 (14%) to £1,112,513 (2022: £975,725).
Net finance income increased by £127,897 to £278,926 (2022: £151,029).

The Company is reporting an increase in shareholder equity (net asset value) at 31 December 2023 of £1,426,447, to £20,577,048 (2022: £19,150,601).

Total Assets decreased by £1,263,429 to £21,799,310 (2022: £23,062,739).
Total Liabilities decreased by £2,689,876 to £1,222,262 (2022: £3,912,138).

The revaluation of investments at fair value resulted in a reduction of 2.9% to £15,594,931 (2022: £16,064,640) and the unrealised loss of £469,709 (2022: Gain - £9,367,435). This was predominantly a result of the decline during the reporting period in the forward curve of European gas prices, and the after-tax impact of this on the Company's 37% working interest in the Podere Gallina licence in Italy.

(Note - The Podere Gallina exploration permit was converted into the Selva Malvezzi production concession at the time of the first gas production from the field in July 2023).

The Italian asset has been re-valued using the same valuation methodology which was used in the audited financial statements at the end of the prior year, updated to reflect underlying future gas pricing based on the benchmark Title Transfer Facility ("TTF") European forward contract gas prices applicable on 31 December 2023.

Due to extreme market volatility during the prior reporting period, the prior year's valuation was based on TTF forward contract prices as at 11 May 2023.

At 31 December 2023, the Company held cash and cash equivalents of £3,186 (2022: £1,482,762).
The funds held at the end of the prior year were predominantly applied to completion of the construction of the gas processing facility at Podere Maiar 1, resulting in an increase during the year in the amounts owed to the Company by its group undertakings.

Amounts owed to the Company by its investment vehicles earn interest and are repaid out of surplus funds arising from after-tax net earnings in the underlying undertakings.

The strengthening of the Company's balance sheet during the year was primarily a result of the conversion or repayment of the bulk of its interest-bearing debts. Subsequent to year-end, in March 2024, the Company repaid all remaining debt, and no further debt finance has been required or raised.

Preparation of consolidated financial statements

Prospex Energy Plc is an investment Company, as such the results of its subsidiaries are not consolidated up to the parent company. These financial statements therefore represent the financial statements of the Company alone. The Company's interests in its subsidiaries are recognised at fair value through profit and loss. The effect of this is that although the Group has been selling gas from its Selva Malvezzi Concession in northern Italy since July 2023 and has been selling electricity from its El Romeral power plant in southern Spain since March 2021, the only actual income the parent company Prospex Energy plc has received to date is from the interest on the intercompany loans from the parent company to its subsidiaries. However there have been regular loan repayments from the subsidiaries in which the Italian asset is held, PXOG Marshall Ltd. and UOG Italia Ltd. and from the subsidiary PXOG Muirhill Ltd. in which the Company’s investment in the Spanish operator Tarba Energía S.L. is held. The effect of this is to significantly improve the balance sheet of the parent company. The intercompany loans were made to realise a return on the investments in the activities of the subsidiaries. In Italy the parent company loans were for drilling the well, acquiring the further 20% of the licence from UOG and to fund the Company’s share of the gas plant development to first gas. In Spain the loans were to acquire and optimise the asset.

Business Development

During 2023, Prospex either identified or was offered more than 25 potential deals or farm-in opportunities in its core geographical area of interest of Europe focussing on natural gas and power projects. The Prospex technical team undertook in depth evaluations on 12 of these opportunities and recommended that the Board should progress to make an offer on two deals which were advanced to the heads of terms stage. One of those was ultimately not concluded since the Board considered, on more detailed investigation, that it involved onerously high drilling and development costs in the context of the geological chance of success. The other opportunity passed our due diligence process and the Company was ready to invest, subject to a fundraise. At that time, the Board was advised and determined that challenging stock market conditions meant that such a fundraise could only be completed on terms deemed to be unattractive to shareholders, so the Company did not commit to the farm-in.

The Company continues to focus on onshore natural gas and power assets in 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.

Outlook

The Board is satisfied with the progress made during the year under review, and subsequently. The Company is now debt-free, self-sustaining on a business-as-usual basis, and in a much stronger financial position than it was at the end of the prior year.

None of this would have been possible without the support of the Company's investors, and in particular of the erstwhile debt-holders of the Company, who funded the development and conversion of Selva Malvezzi into a producing asset and many of whom have shown ongoing support for the Company by subsequently converting a substantial portion of the debt owed to them into equity. Amongst this group of individuals are employees and the directors of the Company. I take this opportunity to thank them all for their long-standing and valued support.

Having strengthened the balance sheet during 2023, and with both capital and energy commodities markets stabilising, if not strengthening, the outlook for the Company is one of growth. It is anticipated that this growth will be both organic, with prospects for increasing the output and diversification of existing assets, and external, with the active pursuit of new assets which meet the Company's discerning investment requirements, to add to the portfolio. The Board and staff are very active on both fronts and good progress is being made. The Board looks forward to being able to make announcements in these regards in the near future.

Bill Smith

Non-Executive Chairman

14 May 2024

Corporate governance
for the year ended 31 December 2023

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.

Corporate governance - continued
for the year ended 31 December 2023

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, Bill Smith and Andrew Hay, 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.

MANAGEMENT TEAM AND BOARD OVERVIEW

BOARD

Mark Routh
Chief Executive Officer

Mark is a Petroleum Engineer with more than 40 years' experience in the oil & gas industry, covering executive management, commercial/asset management, area management and technical roles.

Mark spent eight years as CEO/Chairman of AIM listed Independent Oil & Gas plc and seven and a half years as Chairman/Non-Executive Director of Warrego Energy Ltd.

He has more than 15 years' experience as a Board director in executive and non-executive roles in both private and listed companies. Prior to founding CH4 Energy in 2002, he served 10 years with Hess, six years with BP and five years with Schlumberger in South-East Asia and the North Sea. Mark has an MSc in Petroleum Engineering from Imperial College.

Bill Smith
Non-Executive Chairman

Bill is a Canadian solicitor with 40 years of experience in corporate finance and has been a non-executive director of a number of listed and private companies including: Orca Exploration Group (TSXV); Mosaic Capital Corporation (TSXV); and PFB Corporation (TSX).

He was a senior partner of McCarthy Tetrault LLP in Canada and was subsequently Executive Vice President of two listed international oil companies and a listed investment firm. He has extensive experience including a number of start-up ventures in the oil and gas sector.

Alasdair Buchanan
Independent Non-Executive Director

Alasdair has a BSc in Chemical Engineering and over 40 years of experience in the upstream oil and gas sector.

Most recently he was Global Energy Director at Lloyds Register and was COO and a director of Senergy Group plc. Alasdair was a non-executive director of Warrego Energy from 2012-2019 prior to its public listing on the ASX. Alasdair worked for Halliburton for three years in Aberdeen and Texas, most recently as Vice President UK and worked for BJ Services for 28 years both in the UK and internationally.

Andrew Hay (appointed 19 April 2023)
Independent Non-Executive Director

Andrew is an experienced corporate financier and board member with more than 30 years of experience in leading corporate finance firms in London and New York, including ING Barings and Schroders.

A graduate of Oxford University, Andrew is currently a Senior Adviser at Smith Square Partners, a leading corporate finance firm and a Non-Executive Director of Great Western Mining Corporation PLC, an AIM quoted mineral exploration and development company with assets in Nevada.

Corporate governance - continued
for the year ended 31 December 2023

MANAGEMENT TEAM

Grant Glanfield
Group Finance Manager

Grant is a Chartered Accountant with 35 years' experience in a broad range of financial, project and general management roles within Finance and Energy. Following a successful career in the City of London, in 2012 he moved into venture capital and concurrent roles of general management and CFO for a range of companies, including E&P companies with operated assets across Europe.

Grant joined Prospex in 2018 and, aside from managing day-to-day finance and administrative functions, contributes to the investment decision-making, execution and ongoing operational activities.

Carlos Venturini
Chief Geoscientist

Carlos is a geologist (BSc) with an MSc in structural geology and over 25 years in geophysical interpretation and oil prospect generation.

Experience gained with Schlumberger, ENI, Sipetrol, and from his own Libya-based consultancy working for Petrobras, GDF and OMV amongst others. He is an expert in Mediterranean and African petroleum geology.

Alecos Stavrou
Senior Geologist

Alecos is a Senior Geologist with expertise in prospect generation, prospect evaluation and volumetrics. He has undertaken more than 50 data rooms, with a focus on onshore European foreland basins and has led several technical projects within the company, including seismic reprocessing, petrophysical re-evaluations and AVO studies. He has working experience in all stages of the E&P cycle, from country-entry to relinquishment.

Alecos has previously worked for SASOL and PGS. He holds a BSc in Geology from Durham University and an MSc in Petroleum Geoscience from Imperial College where he was awarded an industry scholarship by PGS and graduated with Merit.

Strategic Report
for the year ended 31 December 2023

The directors present their strategic report for the year ended 31 December 2023.

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 natural gas 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 £1,112,513 (2022: £975,725)
- unrealised losses arising on financial assets at fair value through profit or loss was £469,709 (2022: Gain - £9,367,435)
- net loss for the year from continuing operations was £1,231,400 (2022: Profit - £7,136,907)
- as at 31 December 2023, the Company had cash and cash equivalents of £3,186 (2022: £1,482,762)

KEY PERFORMANCE INDICATORS
The business Key Performance Indicator ('KPI') monitored by the Board is focused 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. Information on individual investments is contained within the Chairman's Report on pages 2-6.

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 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

Risk	Mitigation
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
Operating partners may underperform	The Company's expertise and experience enables it to assess the performance of the operators of its assets and act as a constructive partner
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: 14 May 2024

Report of the Directors - continued
for the year ended 31 December 2023

The directors present their report and financial statements for the year ended 31 December 2023.

DIVIDENDS
No dividends will be distributed for the year ended 31 December 2023.

The results for the year are set out on page 23.

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 2023 to the date of this report.

Mark C Routh
William H Smith
Alasdair I Buchanan

Other changes in directors holding office are as follows:

Dr. Richard P Mays – resigned 7 February 2023
Andrew N J Hay - appointed 19 April 2023

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

	2023	2022
	No. of shares	No. of shares
Mark Routh	**1,428,571**	-
William Smith	**6,447,517**	5,206,797
Alasdair Buchanan	**3,428,571**	2,000,000
Andrew Hay – appointed 19 April 2023	**-**	N/A
Richard Mays – resigned 7 February 2023	**N/A**	1,361,927

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.

	2023	2022
Share options	**No. of shares**	No. of shares
Mark Routh	**5,433,333**	3,000,000
William Smith	**2,491,669**	1,821,669
Alasdair Buchanan	**2,470,000**	1,800,000
Andrew Hay – appointed 19 April 2023	**900,000**	N/A
Richard Mays – resigned 7 February 2023	**N/A**	1,821,669

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.

Report of the Directors - continued
for the year ended 31 December 2023

SUBSTANTIAL SHAREHOLDINGS
The Company has been notified of the following voting rights as a shareholder of the company as at 16 February 2024 which remains current as of the date of publication of this report:

	No. of ordinary shares	% of issued share capital
Simon Chantler	20,373,977	6.13%
Colin Wilson	20,073,557	6.04%
James Simmons	17,150,000	5.16%
Charles Fry	12,044,268	3.62%
Grant Glanfield	10,303,141	3.10%
James Smith	10,122,426	3.04%

The market value of the Company's shares at 29 December 2023 was 4.95p and the high and low share prices during 2023 were 19.25p and 4.85p 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: 14 May 2024

Statement of Directors' Responsibilities
for the year ended 31 December 2023

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 2006.

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 2023 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 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 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with 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 as applied to listed entities, 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 Selva Malvezzi Production Concession. 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 The Selva Malvezzi Production Concession, are based on management's calculated discounted 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 and discount rates, among other factors. These variables are subjective and are based on professional judgements of expectations. The volatility of the price of gas as a result of continued geopolitical instability, 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 challenging assumptions used in forecasts;
- Review of the cash held by the Company, including a review of projected income streams post year end, and assessing whether this will be sufficient to support the expected level of activities;
- 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;
- Considering the appropriateness of the model used to prepare forecasts; and
- Assessing the disclosures made within the financial statements.

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 judgement, 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 £3,186 at 31 December 2023. Further funds would need to be realised 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 ability and likelihood of cash inflows from operating activities.
- 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 judgements 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.
- We reviewed and compared financial forecasts to actual results to assess the likelihood of management's forecasts to be realised and materially accurate.

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 represents a combined direct (17%) and indirect (20%) holding of 37% in the Selva Malvezzi Concession ('the Concession') 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 judgemental variables within the calculation.

The Concession contains proven reserves, contingent resources and prospective resources:
- the '2P - Proved and Probable Reserves' ('2P Reserves') is valued on an NPV model; and
- the '2C – Best Estimate Contingent Resources' ('2C Resources') the value of which is based on a probability for success of the quantifiable estimate derived from the latest CPR report.
- There is no value ascribed to the prospective resources.

A net decrease in Marshall's value of its underlying investment has given rise to a loss of £469,709 on the Company's investment in Marshall for the year ended 31 December 2023.

How our audit addressed the area of focus

The net decrease in Marshall's underlying investment arises from a decrease in the value of the 2P Reserves and an increase in the value of the 2C Resources.

We assessed the appropriateness of the methodology applied and tested the mathematical accuracy of the models. We reviewed the 2022 CPR report and management's assumptions in updating the data used in each model.

2P Reserves valuation:

We obtained a copy of the NPV model used to calculate the decrease in valuation of the investment in the 2P Reserves. 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 and forward gas prices at the year end.

We gained an understanding of the key assumptions and judgements underlying the model. We reviewed the NPV calculations provided considering the various scenarios modelled.

2C Resources valuation:

We obtained a copy of the 2022 CPR report and assessed managements calculations based on the quantifiable estimates stated in the report.

We assessed management's judgements and assumptions in their assessment of the probability of success of the contingent resources and application of this percentage to the calculated value of the contingent resources.

We considered the net decrease in the valuation of investment in the financial statements of the Company 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 Energía S.L ('Tarba'). Muirhill's management has retained the value of the underlying investment at cost as management are taking a prudent approach given the current level of financial results, 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.

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 in full and Massey therefore 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.

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine 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.

We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce the probability that any misstatement exceeds materiality to an appropriately low level, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect of the financial statements as a whole.

Based on our professional judgment, we determined materiality for the financial statements as a whole and performance materiality as follows:

Final materiality was set at £218,000, 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.

Final performance materiality was set at £163,500, based on 75% of materiality. In setting the level of performance materiality, we consider a number of factors including the control environment, our testing strategy, the total value of known and likely misstatement (based on past experience and other factors) and management's attitude towards proposed adjustments.

Reporting thresholds

We agreed with the Audit Committee that we would report to them all unadjusted audit differences in excess of £5,000, as well as differences below this threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

The audit was scoped to ensure that the audit team obtained sufficient and appropriate audit evidence in relation to significant operations of the Company during the year ended 31 December 2023. In particular, we looked at areas involving significant accounting estimates and judgement by the directors. We also addressed the risk of management override of internal controls, including an evaluation of whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.
As part of our planning, we assessed the risk of material misstatement including those that required significant auditor consideration. Procedures were designed and performed to address the risk identified and for the most significant assessed risks of material misstatement, the procedures performed are outlined above in the key audit matters section of this report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Annual Report 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, except to the extent otherwise explicitly stated in our report, 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 16, 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.

We are not responsible for preventing irregularities. The primary responsibility for the prevention and detection of fraud rest with both those charged with governance of the entity and management.

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.

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

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.

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.

Due to the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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: 14 May 2024

Prospex Energy Plc

Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2023

	Notes	**2023**	2022
		£	£
CONTINUING OPERATIONS			
Other operating income	5	**36,936**	-
Administrative expenses		**(1,112,513)**	(975,725)
Share-based payment charges		**(296,191)**	(187,417)
OPERATING LOSS		**(1,371,768)**	(1,163,142)
(Loss)/gain on revaluation of investments	12	**(469,709)**	9,367,435
		(1,841,477)	8,204,293
Finance income	7	**519,982**	324,052
Finance costs	7	**(241,056)**	(173,023)
(LOSS)/PROFIT BEFORE INCOME TAX	8	**(1,562,551)**	8,355,322
Income tax	9	**331,151**	(1,218,415)
(LOSS)/PROFIT FOR THE YEAR		**(1,231,400)**	7,136,907
(LOSS)/EARNINGS PER SHARE	10		
Basic (loss)/earnings pence per share		**(0.41)p**	2.88p
Diluted (loss)/earnings pence per share		**(0.41)p**	2.66p

Prospex Energy Plc (Registered number: 03896382)

Statement of Financial Position
31 December 2023

	Notes	2023	2022
		£	£
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	**-**	-
Investments	12	**15,594,931**	16,064,640
		15,594,931	16,064,640
CURRENT ASSETS			
Trade and other receivables	13	**6,201,093**	5,515,237
Investments	14	**100**	100
Cash and cash equivalents	15	**3,186**	1,482,762
		6,204,379	6,998,099
TOTAL ASSETS		**21,799,310**	23,062,739
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	16	**7,279,630**	7,225,893
Share premium		**17,158,847**	14,850,928
Merger reserve		**2,416,667**	2,416,667
Capital redemption reserve		**43,333**	43,333
Fair value reserve		**14,617,174**	14,755,732
Retained earnings		**(20,938,603)**	(20,141,952)
TOTAL EQUITY		**20,577,048**	19,150,601
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities – borrowings			
- Interest bearing loans and borrowings	18	**-**	799,145
Deferred taxation	19	**927,658**	1,258,809
		927,658	2,057,954
CURRENT LIABILITIES			
Trade and other payables	17	**126,117**	41,440
Financial liabilities – borrowings			
- Interest bearing loans and borrowings	18	**168,487**	1,812,744
		294,604	1,854,184
TOTAL LIABILITIES		**1,222,262**	3,912,138
TOTAL EQUITY AND LIABILITIES		**21,799,310**	23,062,739

The financial statements were approved by the Board of Directors and authorised for issue on 14 May 2024 and were signed on its behalf by:

Mark Routh
Director

Prospex Energy Plc

Statement of Changes in Equity
for the year ended 31 December 2023

	Share capital	Share premium	Merger reserve	Capital redemption reserve	Fair value reserve	Retained earnings	Total
	£	£	£	£		£	£
Balance at 1 January 2022	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
Changes in equity							
Loss for the year	-	-	-	-	-	(1,231,400)	(1,231.400)
Issue of shares	53,737	2,307,919	-	-	-	-	2,361,656
Equity-settled share-based payments	-	-	-	-	-	296,191	296,191
Transfer to fair value reserve	-	-	-	-	(138,558)	138,558	-
Balance at 31 December 2023	**7,279,630**	**17,158,847**	**2,416,667**	**43,333**	**14,617,174**	**(20,938,603)**	**20,577,048**

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
Fair value reserve - the cumulative fair value changes of the company's fixed asset investment, net of deferred tax
Retained earnings – Accumulated comprehensive income for the year and prior periods

Prospex Energy Plc

Statement of Cash Flows
for the year ended 31 December 2023

	Notes	**2023**	2022
		£	£
Cash outflow from operations	1	**(1,161,712)**	(4,113,537)
Cash flows from investing activities			
Interest received		**4,938**	2,247
Interest paid		**(166,365)**	(124,338)
Net cash outflow from investing activities		**(161,427)**	(122,091)
Cash flows from financing activities			
New loan notes		**-**	2,370,000
Bank loan repayment		**-**	(42,394)
Loan repayments		**(214,454)**	(131,353)
Share issue		**58,017**	3,414,181
Costs of shares issued		**-**	(112,104)
Net cash (outflow)/inflow from financing activities		**(156,437)**	5,498,330
(Decrease)/increase in cash and cash equivalents		**(1,479,576)**	1,262,702
Cash and cash equivalents at beginning of year	2	**1,482,762**	220,060
Cash and cash equivalents at end of year	2	**3,186**	1,482,762

Prospex Energy Plc

Notes to the Statement of Cash Flows
for the year ended 31 December 2023

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

	2023	2022
	£	£
Cash flows from operations		
(Loss)/profit before income tax	**(1,562,551)**	8,355,322
Loss/(gain) on revaluation of fixed asset investments	**469,709**	(9,367,435)
Finance income	**(519,982)**	(324,052)
Finance costs	**241,056**	173,023
Operating loss	**(1,371,768)**	(1,163,142)
Increase in trade and other receivables	**(170,812)**	(3,126,358)
Increase/(decrease) in trade and other payables	**84,677**	(11,454)
Equity settled share-based payments	**296,191**	187,417
Net cash outflow from operations	**(1,161,712)**	(4,113,537)

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 2023	**31.12.23**	**01.01.23**
	£	**£**
Cash and cash equivalents	**3,186**	**1,482,762**

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

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 (£), rounded to the nearest £1.

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 2023 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 2023 year of £1,371,768. In 2024 it is expected that the Company will have increased receipts resulting from ongoing gas sales from 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 2024, 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 budgeted activities in 2024. 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 2024.

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 statement of financial position 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 statement of financial position 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 statement of financial position. 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 statement of financial position 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.

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 S1	General requirements for Disclosure of Sustainability-related Financial Information	01/01/2024
IFRS S2	Climate-related Disclosures	01/01/2024
IAS 1	Amendment - Classification of Liabilities as Current or Non-Current	01/01/2024
IFRS 16	Amendment - Lease Liability in a Sale and Leaseback	01/01/2024
IAS 1	Amendment - Non-current Liabilities with Covenants	01/01/2024
IAS 7, IFRS 7	Amendment - Supplier Finance Arrangements	01/01/2024
IAS 21	Amendment - Lack of Exchangeability	01/01/2025
SASB Standards	Amendment - To enhance SASB standards international applicability	01/01/2025

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 statement of financial position 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 2023. 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 2023 as shown on the Statement of Financial Position all relate to the Investment activity.

5. **OTHER OPERATING INCOME**

	2023	2022
	£	£
Consultancy fees	**36,936**	-

6. **EMPLOYEES AND DIRECTORS**

	2023	2022
	£	£
Wages and salaries	**464,802**	484,633
Social security costs	**48,244**	56,425
Other pension costs	**5,483**	10,140
Share-based payments	**296,191**	179,971
	814,720	731,169

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

	2023	2022
	Number	Number
Directors	**4**	4
Staff	**3**	3
	7	7

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 (2022: £nil).

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

7. **NET FINANCE COSTS**

	2023	2022
	£	£
Finance income		
Interest receivable on group loan	**515,044**	321,805
Bank interest receivable	**4,938**	2,247
	519,982	324,052
Finance costs		
Loan interest payable	**240,709**	166,718
Bank loan interest	**-**	821
Interest on overdue tax	**347**	5,484
	241,056	173,023
Net finance income	**278,926**	151,029

8. **PROFIT BEFORE INCOME TAX**

The profit before income tax is stated after charging:

	2023	2022
	£	£
Auditors' remuneration	**42,900**	27,000
Foreign exchange differences	**6,577**	1,733

9. **INCOME TAX**

	2023	2022
	£	£
Current tax charge		
UK corporation tax on profit for the period at 23.52% (2022: 19%)	**-**	-
Deferred tax	**(331,151)**	1,218,415
Tax charge for the year	**(331,151)**	1,218,415

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:

	2023	2022
	£	£
(Loss)/profit before income tax	**(1,562,551)**	8,355,322
(Loss)/profit before income tax multiplied by effective rate of UK corporation tax of 23.52% (2022: 19.00%)	**(367,512)**	1,587,511
Effects of		
Non-deductible expenses	**70,100**	36,560
Losses used for group relief	**-**	17,638
Tax losses not utilised	**186,937**	138,104
Unrealised chargeable losses/(gains)	**110,475**	(1,779,813)
Deferred tax	**(331,151)**	1,218,415
	36,361	(369,096)
Current tax charge	**(331,151)**	1,218,415

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 £2.3m (2022: 25% - £2.1m) arising from the accumulated tax losses of approximately £9.2m (2022: £8.4m) 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 changed from 19% to 25% with effect from 1 April 2023, resulting in an effective rate in the year of 23.52%. 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 2023			Year ended 31 December 2022		
	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	(1,231,400)	298,729,117	(0.41)p	7,136,907	247,635,519	2.88p
Effect of dilutive securities						
Options and warrants	-	-		-	3,057,387	
Convertible loan notes				129,734	22,296,906	
Diluted EPS						
Adjusted earnings	(1,231,400)	298,729,117	(0.41)p	7,266,641	272,989,812	2.66p

For 2023, the loss and weighted average number of shares used for calculating the diluted loss per share are identical to those for the basic loss per share. The outstanding share options (note 23) would have the effect of reducing the loss per share and would therefore not be dilutive under IAS 33 'Earnings per share'.

11. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment
COST	£
At 1 January 2022 and 2023 and 31 December 2023	**1,699**
DEPRECIATION	
At 1 January 2022 and 2023 and 31 December 2023	**1,699**
NET BOOK VALUE	
At 31 December 2023	**-**
At 31 December 2022	-

12. INVESTMENTS

	Shares in group undertakings	**Unlisted investments**	**Total**
	£	£	£
COST			
At 1 January 2022	6,647,305	50,000	6,697,305
Reclassified to current asset investments	(100)	-	(100)
Revaluations	9,367,435	-	9,367,435
At 31 December 2022	16,014,640	50,000	16,064,640
Revaluations	(469,709)	-	(469,709)
At 31 December 2023	**15,544,931**	**50,000**	**15,594,931**

Shares in group undertakings represent investments in PXOG Marshall Limited of £15,544,931 (2022: £6,647,205) and PXOG Muirhill Limited of £100 (2022: £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
Ordinary shares	100.00

	2023	2022
	£	£
Aggregate capital and reserves	**15,544,831**	16,014,540
(Loss)/profit for the year	**(469,709)**	9,367,335

The underlying value of PXOG Marshall Limited is based on the underlying value of the Selva Malvezzi Production Concession, 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 2022. The DCF model has been updated to reflect forward gas prices as at 31 December 2023 using the Dutch TTF Gas Futures contracts for 2024 and subsequent production years. The DCF model has also been updated to account for a decelerated annual production rate which lengthens the cashflow period from 10 years to 15 years. The decreased annual production rate is based on actual and planned production rates. 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. With the achievement of 1st production at the Podere Maiar 1 well, and successful conversion of the exploration licence to a production licence, the likelihood of realising the contingent resources, which are on the same production licence, has increased. This has resulted in an increase in the valuation of these resources.

PXOG Muirhill Limited

Registered office: 60 Gracechurch Street, London EC3V 0HR

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

	2023	2022
	£	£
Aggregate capital and reserves	**3,415**	17,311
(Loss)/profit for the year	**(13,896)**	37,295

PXOG Muirhill Limited holds its interests in the Tesorillo and El Romeral projects through its holdings of A and B shares respectively in Tarba Energía 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, with the exception of PXOG Muirhill Limited, 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.

12. **INVESTMENTS - continued**

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.

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**

	2023	2022
	£	£
Current:		
Trade debtors	**3,346**	-
Amounts owed by group undertakings	**6,185,765**	5,496,676
Other debtors	**-**	1,883
VAT	**6,926**	5,760
Prepayments and accrued income	**5,056**	10,918
	6,201,093	5,515,237

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

14. **CURRENT ASSET INVESTMENTS**

	2023	2022
Shares held for sale	**£**	£
Shares in group undertakings	**100**	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 statement of financial position date, although it is still expected, the final condition of the SPA had not been met.

Should the final condition of the SPA (being the approval of the regulator in Romania for the transfer of the asset) not be met, the asset would need to be reinstated at fair value which is considered to be higher than the carrying value. The Directors have taken a prudent view not to recognise this asset at fair value unless it is virtually certain that the final condition of the SPA will not be met.

15. CASH AND CASH EQUIVALENTS

	2023	2022
	£	£
Bank accounts	**3,186**	1,482,762

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

	2023	2022	**2023**	2022
	Number	Number	**£**	£
Allotted, called up and fully paid				
Ordinary shares of 0.1p each - new	**332,584,535**	278,847,512	**332,585**	278,848
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
			7,279,630	7,225,893

Share issues

In January 2023, options over 850,400 were exercised, and 450,400 and 400,000 new ordinary shares of £0.001 each were issued at a price of 4 pence per share and 5 pence per share respectively, raising £38,017 before expenses.

In February 2023, 666,684 new ordinary shares of £0.001 were issued at a price of 3.00 pence each on the exercise of warrants, raising £20,000 before expenses.

During the year, 45,476,551 and 6,743,388 new ordinary shares of £0.001 were issued at a price of 4.25 pence each and 5.50 pence each respectively on the conversion of loan notes, valued at £2,303,639 including capitalised interest.

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

	2023	2022
	£	£
Current:		
Trade creditors	**28,889**	-
Social security and other taxes	**9,358**	15,419
Accruals and deferred income	**87,870**	26,021
	126,117	41,440

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

18. **FINANCIAL LIABILITIES - BORROWINGS**

	2023	2022
	£	£
Current:		
Unsecured loan notes	**168,487**	1,812,744
	168,487	1,812,744

	2023	2022
	£	£
Non-current:		
Unsecured loan notes	**-**	799,145
	-	799,145

Terms and debt repayment schedule:

	1 year or less	1-2 years	Total
2023	£	£	£
Unsecured loan notes	168,487	-	168,487
	168,487	-	168,487

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

Loan notes

	Loan notes			
	2018	2021	2022	Total
	£	£		£
At 1 January 2022	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
Interest capitalised	-	-	74,691	74,691
Converted into shares	-	-	(2,303,639)	(2,303,639)
Repaid in year	-	(214,454)	-	(214,454)
At 31 December 2023	**-**	**-**	**168,487**	**168,487**

2021 Non-Convertible Loan note

The 2021 Notes pay 12% interest biannually. The 2021 Notes were repaid in full during 2023.

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

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, together with capitalised interest, were all converted into 45,476,551 new ordinary shares of 0.1p at 4.25p per ordinary share during 2023.

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. During 2023, £188,745 of the September 2023 Convertible Loan Notes, including capitalised interest, were converted into 3,431,734 new ordinary shares of 0.1p each.

In December 2023, £182,141 September 2023 Convertible Loan Notes were converted into 3,113,654 new ordinary shares of 0.1p each.

19 **DEFERRED TAXATION**

	2023	2022
	£	£
At 1 January 2023	**1,258,809**	40,394
On revaluation of investments	**(331,151)**	1,218,415
At 31 December 2023	**927,658**	1,258,809

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:

	2023	2022
Financial assets measured at amortised costs:	**£**	£
Trade and other receivables	**10,272**	7,643
Cash and cash equivalents	**3,186**	1,482,762
Amounts owing from group undertakings	**6,185,765**	5,496,676
	6,199,223	6,987,081

	2023	2022
Financial liabilities measured at amortised costs:	**£**	£
Unsecured loan notes	**168,487**	2,611,889
Trade and other payables	**126,117**	41,440
Total financial liabilities	**294,604**	2,653,329

20. **FINANCIAL INSTRUMENTS - continued**

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:

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

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.

20. **FINANCIAL INSTRUMENTS - continued**

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 2023, 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 (2022: £13) due from PXOG Massey Limited, the Company's wholly owned subsidiary.

Included in trade and other receivables is an amount of £5,510,556 (2022: £4,821,467) due from PXOG Marshall Limited, the Company's wholly owned subsidiary. Interest receivable of £515,044 (2022: £324,805) has been accounted for in the Statement of Profit or Loss.

Included in trade and other receivables is an amount of £675,196 (2022: £675,196) due from PXOG Muirhill Limited, the Company's wholly owned subsidiary.

Included in trade and other receivables is an amount of £3,346 (2022: £nil) due from Tarba Energía S.L. ("Tarba"). Mark Routh is a director of Tarba.

At the statement of financial position date, the Directors had the following interests in the unsecured loan notes (note 18):

	2023	2022
	£	£
Mark Routh	**-**	51,164
Richard Mays (resigned 7 February 2023)	**-**	87,589
William Smith	**-**	51,164
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 2022 and 31 December 2023 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:

2023	**Number of shares**	**Weighted average remaining contractual life (years)**	**Weighted average exercise price (pence)**
Brought forward	**11,464,813**	**2.84**	**6.61**
Granted during the year	**7,900,000**		**-**
Exercised during the year	**(850,400)**		**-**
Lapsed during the year	**(600,529)**		**-**
Carried forward	**17,913,884**	**3.12**	**8.05**

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

All options were exercisable at the year end. 850,400 options 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 18 March 2022	6,300,000	18/03/2025	5.00p	2.10p
3	Granted 23 September 2022	3,600,000	23/09/2027	8.15p	2.91p
4	Granted 28 February 2023	3,700,000	27/02/2028	12.25p	5.18p
5	Granted 26 July 2023	4,200,000	25/07/2028	7.00p	2.49p

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:

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

	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 18 March 2022	3.85p	5.00p	89.40%	2.00	1.21%
3	Granted 23 September 2022	7.85p	8.15p	87.40%	2.00	4.03%
4	Granted 28 February 2023	11.54p	12.25p	87.20%	3.00	3.73%
5	Granted 26 July 2023	6.25p	7.00p	79.90%	3.00	4.52%

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 £296,191 (2022: £187,417).

Warrants
At 31 December 2022 and 31 December 2023, 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:

2023	**Number of shares**	**Weighted average remaining contractual life (years)**	**Weighted average exercise price (pence)**
Brought forward	**666,684**	**0.23**	**3.00**
Exercised in the year	**(666,684)**		**3.00**
Carried forward	**-**	**-**	**-**

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 during the year	(26,253,316)		3.02
Lapsed during the year	(325,000)		10.00
Carried forward	666,684	0.23	3.00

All warrants were exercised during the year.

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.

	2023	2022
	£	£
Salaries and other short-term employee benefits	**278,350**	254,833
Share-based payment	**169,406**	163,994
	447,756	418,827

	Salaries and fees	Benefits in kind	Share-based payment	**2023**	2022
	£	£	£	**£**	£
Mark Routh	217,500	7,017	93,757	**318,274**	252,927
William Smith	28,000	-	26,635	**54,635**	61,300
Alasdair Buchanan	23,333	-	26,635	**49,968**	52,300
Andrew Hay - appointed 19 April 2023	-	-	22,379	**22,379**	-
Richard Mays - resigned 7 February 2023	2,500	-	-	**2,500**	52,300
	271,333	7,017	169,406	**447,756**	418,827

The Directors interests in share options as at 31 December 2023 are as follows:

Director	**Number of share options**	**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	18/03/2025
Mark Routh	900,000	8.15p	23/09/2022	23/09/2022	23/09/2027
Mark Routh	1,233,333	12.25p	28/02/2023	28/02/2023	27/02/2028
Mark Routh	1,200,000	7.00p	26/07/2023	26/07/2023	25/07/2028
	5,433,333				
William Smith	21,669	76.25p	14/04/2015	14/04/2015	14/04/2025
William Smith	900,000	5.00p	18/03/2022	18/03/2022	18/03/2025
William Smith	900,000	8.15p	23/09/2022	23/09/2022	23/09/2027
William Smith	370,000	12.25p	28/02/2023	28/02/2023	27/02/2028
William Smith	300,000	7.00p	26/07/2023	26/07/2023	25/07/2028
	2,491,669				
Alasdair Buchanan	900,000	5.00p	18/03/2022	18/03/2022	18/03/2025
Alasdair Buchanan	900,000	8.15p	23/09/2022	23/09/2022	23/09/2027
Alasdair Buchanan	370,000	12.25p	28/02/2023	28/02/2023	27/02/2028
Alasdair Buchanan	300,000	7.00p	26/07/2023	26/07/2023	25/07/2028
	2,470,000				
Andrew Hay	900,000	7.00p	26/07/2023	26/07/2023	25/07/2028
	900,000				

25. **EVENTS AFTER THE REPORTING PERIOD**

All remaining interest-bearing debt outstanding at the reporting date, and accrued interest, was repaid to debt-holders by 31 March 2024. No further debt or equity raises have occurred between the reporting date and the date of this report.