PetroNeft Resources plc

Annual Report and Financial Statements

for the year ended 31 December 2023

Contents

Annual Report and Financial Statements

Forward Looking Statements

This report contains forward-looking statements. These statements relate to the Company's prospects, developments, and business strategies. Forward-looking statements are identified by their use of terms and phrases such as 'believe', 'could', 'envisage', 'potential', 'estimate', 'expect', 'may', 'will' or the negative of those, variations, or comparable expressions, including references to assumptions.

The forward-looking statements in this report are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements. These forward-looking statements speak only as at the date of these financial statements.

PetroNeft Resources plc

Company Information

Directors	David Sturt (British citizen- appointed 21 October 2022) (Executive Chairman) Pavel Tetyakov (Russian citizen- appointed 21 October 2022, previously Executive Director and Senior Vice President Business Development) (*Chief Executive Officer)* Anthony Sacca (Australian citizen – resigned 4 January 2024) *(Independent Non-Executive Director)* Daria Shaftelskaya (Russian citizen – appointed in January 2020) (Non-Executive Director) Eskil Jersing (British citizen – resigned 4 January 2024), (*Independent Non - Executive Director*) Michael Power (Irish citizen- appointed 4 January 2024), (Independent Executive Director)
Registered Office and Business Address	20 Holles Street Dublin 2 Ireland
Secretary	Michael Power FCA
Auditor	Unable to appoint due to adverse events arising from international sanctions.
Nomad and Euronext Growth Listing Sponsor	**Davy (Resigned 4 January 2024)** 49 Dawson Street Dublin 2 Ireland

PetroNeft Resources plc

Company Information *(continued)*

Broker	**Davy (Resigned 4 January 2024)** 49 Dawson Street Dublin 2 Ireland
Principal Bankers	**AIB Bank (Resigned 5 August 2024)** 1 Lower Baggot Street Dublin 2, Ireland
Legal Advisers	JLC Advisory North Yorkshire BD24 OHZ United Kingdom
Registered Number	408101
Registrar	**Computershare (Resigned 29 May 2024)** 3100 Lake Drive, Citywest Business Campus, Dublin 24, D24 AK82, Ireland

Board of Directors

David Sturt – *(Executive Chairman from 21st October 2022, previously Chief Executive Officer) (Age 62)*
David was appointed a Non-Executive Director of the Company in April 2016 and became Chief Executive Officer on 25 March 2019, subsequently resigning as Chief Executive Office to become Executive Chairman on 21 October 2022. He was a member of the Remuneration Committee up until his appointment as CEO. David has over 35 years international experience in the oil and gas industry gained working on projects in Europe, CIS, Africa, and SE Asia in a variety of senior technical and managerial positions at Conoco-Philips, Hess, PetroKazakhstan, Exillon Energy, Ukrnafta and Azimuth Energy. In 2010 he was a founding partner in VistaTex Energy which built a portfolio of producing assets across the onshore US, the company was later successfully sold to Dome Energy in 2014. In June 2022 he resigned his position as a non-Executive director of Petrosibir AB, a Swedish Company with oil and gas interests in the Bashkiria and Komi regions of Russia. David holds a BSc honours degree in Earth Sciences from Kingston University, an MSc degree in Exploration Geophysics from Leeds University, and a postgraduate diploma in business administration from Heriot Watt University.

Pavel Tetyakov – *(Chief Executive Officer from 21st October 2022, previously Senior Vice President Business Development and Executive Director) (Age 45)*
Pavel was appointed to the Board as an Executive Director in January 2020 and resigning that role to become Chief Executive Officer on 21 October 2022. He has 20 years of experience in senior and top management positions working for a variety of E&P companies including: PetroKazakhstan, Exillon Energy, Ukrnafta, Sibgasoil and Petrosibir. His main areas of expertise are M&A and operations management. He negotiated the acquisition of several licences in PetroKazakhstan, was responsible for building the asset portfolio of Exillon Energy, managed divestment of Sibgasoil oil fields in several regions of Russia and led the transformation of Petrosibir that resulted in improved operational performance and new oil field discoveries. He joined the Company in May 2016 as Vice-President Business Development. In July 2018 Mr Tetyakov took over the management of the Russian subsidiaries of PetroNeft as General Director. In October 2022, Pavel became the Company's CEO. Pavel holds a Bachelor of Arts degree in Business Administration from Budapest University of Economic Sciences and Public Administration

Anthony Sacca – (Independent *Non-Executive Director) (Age 53)*
Anthony was appointed an Independent Non-Executive Director of the Company in April 2016. He was chairman of the Audit Committee. He is principal of Karri Tree Executive Coaching. Anthony was previously the Chief Financial Officer of Rolf Group of Companies, one of Russia's largest independent automotive distributor/retailers. Prior to that he was a Partner with PwC in Moscow. Anthony is a Fellow of the Institute of Chartered Accountants in Australia and New Zealand. He holds a Bachelor of Business and Administration (Distinction) from Curtin University of Technology Perth, Australia. He is a member of the Russian Independent Directors Association and is a Fellow Chartered Director with the Institute of Directors in the United Kingdom. He resigned on 4 January 2024

Daria Shaftelskaya – (*Non-Executive Director) (Age 46)*
Daria was appointed a Non-Executive Director in January 2020. She has 20 years of experience in the oil & gas exploration and production business within the West-Siberian basin (Tomsk region). More recently she has been working as chief financial officer in several Russian companies including: "Finco", "Hermes - Moscow" and "Sever" where she was primarily focused on oil & gas trading and operational facilities construction in the West Siberian region. She holds a degree in economics and engineering from Tomsk Technical University (1999) and a Master's Degree in Economics also from Tomsk Technical University (2001).

Eskil Jersing – (Independent Non- Executive Director) (Age 59)
Eskil was appointed as an Independent Non-Executive Director on 1 November 2021. He is an Oil Industry Senior Executive with 35 years of International E&P experience in most of the world's key Petroleum basins, including the North Sea, DW Gulf of Mexico, Brazil, Africa, and SE Asia. He has had various Upstream Exploration and New Business focused roles with Enterprise Oil, Shell, Marathon Oil, Apache corporation and Petrobras oil and Gas BV. He was most recently the CEO of Wentworth Resources plc, and CEO of Sterling Energy plc, both AIM listed Africa-focused E&P Companies. In addition to his role at PetroNeft Resources plc, he is a New Business Advisor to Eburon Resources LLC, a privately backed Exploration startup, on the Advisory panel of Energilink Ltd and a Director of Eskoil Ltd. Mr. Jersing graduated with a BSc. in Geophysics from Cardiff University, and an MSc. in Petroleum Geology from Imperial College London. He resigned on 4 January 2024.

Board of Directors (continued)

Michael Power – (Independent Non- Executive Director) (Age 58)
Michael was appointed as an Independent Non-Executive Director on 4 January 2024. He is a veteran of emerging markets, with key focus on Financial and Compliance matters in Russia and Central Asia. A Senior Executive with over 35 years of experience in new business opportunities emerging markets, predominately tobacco, telecoms, retail, and oil and gas. He is a fellow of the Irish Institute of Chartered Accountants in Ireland.

Highlights

Operations – Corporate Strategy On 12 October 2023, at EGM of the Company, shareholders agreed to dispose of all Russian Assets to Pavel Tetyakov, PetroNeft's current C.E.O.

- In a climate of every increasing international sanction, the Company liquidity position became more challenging.
- Due to the situation in Ukraine and widening sanctions regime, combined with restrictions on available funding engagement with third party professional service providers especially Auditors, Bankers, the Share Registrar and Legal firms became impossible.
- Following strategic asset review first announced November 2022, the Board and Management focused on the timely sale of PetroNeft's Russian assets combined with negotiations to reduce the company's debt.

Finance

- Increase in Gross debt 2023 US5,940,602 (2022: US $5,289,349)
- Increase in trade and other payables to US$2,263,610 (2022:US$ 1,580,175)
- Reduction in Cash and cash equivalents US8,420 (2022: US $94,483)
- Expected reduction in receipts from disposal of Russian assets, due to a deterioration in the ruble / dollar exchange rate, US$ 1,396,550 (2022: US$1,707,896)
- Successfully engaged with the Companies loan note holders.

ESG

- The company maintained its safety record with zero lost time incidents in 2023 (2022: zero).

Outlook

- Due to increasing challenges created by the Ukraine/Russia conflict, strategic review announced by the Board on 25 November 2022, PetroNeft's Russian assets will be sold to Pavel Tetyakov the current Chief Executive officer. On 12 October 2023, the proposed disposals had been approved at Extraordinary General Meeting with 88% of votes cast in favor. During the 9 and 11 June 2024, payment for the sale of Lineynoye LLC had been successfully remitted to PetroNeft's bank account in Dublin.
- PetroNeft's equities are delisted on both the Dublin Euronext and London A.I.M. markets, as of 4 January 2024. The Company was not in a position to complete audited financial statements for FY 2022 within the required time frame.
- At the time of signing these financial statements, PetroNeft's banker's Allied Irish Banks plc has withdrawn all and any banking services to PetroNeft. Despite Management's best endeavors to maintain the banking relationship, Allied Irish Banks plc under the contract terms unilaterally suspended services to PetroNeft and did not provide any reasonable rationale for their decision.
- The exit from Russia means the Company will become a cash shell, and the Board and Management is committed to working with all payables on a proactive basis.
- The financial statements included here are prepared on a basis other than a Going Concern basis. It is the opinion of the Directors, depending on legal advice and financial capacity, that the Company will either be liquidated or continue to exist in a non-trading capacity.

Chairman’s Statement

Dear Shareholders,

The earlier optimism we had for 2022, sadly was misplaced, given the tragic events that unfolded in Ukraine at the start of 2022. The adverse effects of the Ukrainian conflict were compounded as we exited 2022 and entered 2023 in an environment where the Company to the best of its knowledge-maintained compliance with a rapidly evolving sanction regime, against a background that the Company’s liquidity all but dried up.

A direct result of the Ukrainian Russian conflict was that through 2022 and into 2023 it became increasingly challenging to operate the Company. As reported on the 25 September 2022, our former auditor (BDO) since 2019 informed us that they would not be able to carry out our 2022 audit due to the Ukrainian Russian conflict. As the international sanctions against Russia intensified in quantum and application, it became increasingly obvious that professional service companies were no longer able or willing to even consider retaining PetroNeft as their client. Amply illustrated by the inability of PetroNeft to retain Irish legal advisers and the resignation of our auditors (BDO) and more recently during 2024 our bankers Allied Irish Banks plc, unilaterally withdrew their banking services to the Company.

Given the adverse events noted above and the continuing challenging environment, we owe a duty to all our stakeholders to continue to operate as best we can. Accordingly, the ultimate goal and focus of the Company has been to: manage the Sale of the Company’s Russian assets in an orderly and compliant fashion; investigate any potential to sell PetroNeft, given its Irish residency and any tax losses if they can be determined with reasonable certainty and are available for future offset; engage with the Company’s remaining trade creditors on a full and final settlement basis.

Corporate Development

2023 saw no Board changes for the company. As of 4 January 2024, both Anthony Sacca and Eskil Jersing resigned their roles as Non-Executive Directors. At that time, in addition to the role as Company Secretary, Michael Power FCA, assumed the role of Executive Director.

Strategy

Our strategy has historically been focused on improving shareholder value by increasing production, cash flow and reserves. The conflict in Ukraine has meant that this strategy is no longer possible. Also, it has become increasingly apparent that if we had continued to try to maintain our assets in Russia, then the Company would eventually be forced into insolvency.

It was against this backdrop that we announced on 25th November 2022, a strategic asset review which has led to the recent EGM on 12th October 2023 where 88% of the shareholders voted in favour of the Company disposing of its entire Russian portfolio with the key assets being 90% of Licence 67 and 50% of Licence 61. After a lengthy sales process, the only bidder for the assets was Pavel Tetyakov, the current Chief Executive Officer of PetroNeft.

Whilst this is a very sad time for PetroNeft, it is recognised that this was the only way that the Company had a chance to free up liquidity to meet outstanding payables, including discharging long-term debts, salaries and fees owed to Management and Directors, and work proactively with trade creditors and payables.

The exit from Russia, means the Company will become a cash shell, and Management is committed to working with all payables on a proactive basis, until such time it is acquired by a third party as a shell company or wound down in an orderly manner.

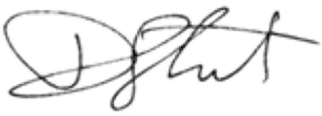
Chairman's Statement continued

Summary

The Company has been and continues to be going through incredibly challenging times which are threatening its very existence. Accordingly, this Annual Report and Financial Statements are prepared on a basis other than Going Concern.

Finally, I know that I speak for all of the Directors, management, and staff of the Company in giving sincere thanks to our shareholders for your continued support throughout this past year.

David Sturt
Executive Chairman



Chief Executive Officer's Report

Dear fellow shareholders, the Company's operational performance was significantly adversely affected by a combination of events. At Licence 61, the shutdown of the Nord Imperial pipeline on the 29 August 2022 resulted in production from the licence having to be shut in. At Licence 67, the Company was ready to start a multi well development drilling campaign at the Cheremshanskoye field, this had to be halted due to the Ukrainian Russian conflict. These two key operations events were previously reported in PetroNeft's 2022 Annual Report.

The rollout of international sanctions against Russia in the wake of the Ukrainian Russian conflict directly impacted the ability of PetroNeft to continue operations, including the development drilling program on Licence 67. The pre conflict funding plan was to seek funding of the development drilling plan from a Russian bank, which ultimately was sanctioned along with many other Russian banks that have been approached earlier. In addition, sanctions made it impossible for PetroNeft to supply any investment funds even if they were available.

2023 Review

Given the circumstances noted above, management worked hard to continually focus on cost reduction and optimisation across all levels in an environment of diminishing and restricted liquidity. Remittances from Russia for reimbursement of CMSA costs were severely restricted. In addition, Management has had to navigate an increasingly restrictive and difficult external geopolitical environment. Management also worked closely with personnel and improved contractual arrangements with contractors and suppliers.

Conclusions

The operating background noted above created significant pressure and uncertainty about the Company's ability to survive unless it took steps to disposes of its Russian assets.

Whilst the sale of the Company's Russian assets is a sad event, after carrying out a strategic asset review first announced on 23rd September 2022, it was the only viable option available to the Company.

I would like to take this opportunity to thank our shareholders for their patience and support. I would also like to thank all our staff who have had to sacrifice significant amounts of their remuneration as well displaying great dedication to the Company by their willingness to work for considerable periods of time when there was a significant chance that we may not have been able to meet even part of the remuneration due. Through these times they displayed great professionalism, commitment, and dedication through the challenges of 2023 and into 2024. Their hard work and commitment combined with the continued support from our shareholders has enabled the Company to survive thus far.

Pavel Tetyakov
Chief Executive

PetroNeft Resources plc

Financial Review

Review of PetroNeft consolidated income statement for the year

Company Income Statement

For the year ended 31 December 2023

	Note	2023	2022
		US$	US$
Revenue	5	611,521	859,666
Cost of sales		-	-
Gross profit		**611,521**	859,666
Administrative expenses		(1,726,339)	(3,260,875)
Operating Profit/(Loss)	7	**(1,114,818)**	(2,401,209)
Finance Income	8	5,084,623	3,680,578
Finance costs	9	(651,253)	(709,482)
Impairment of financial assets- investments in joint ventures and subsidiaries	12	-	(16,180,007)
Impairment of financial assets- loans at amortised cost.	13	(5,084,623)	(24,324,057)
Valuation of gains/ (losses) on fair value through profit and loss on debt instruments		-	(20,199)
Profit/(Loss) for the year for continuing operations before taxation		**(1,766,071)**	(39,954,376)
Taxation	10	6,980,112	(907,764)
Profit/(Loss) for the year		**5,214,041**	(40,862,140)

Company Statement of Comprehensive Income

Profit/(Loss) for the year attributable to equity holders	**5,214,041**	(40,862,140)
Other comprehensive income	-	-
Total comprehensive Profit/(Loss) for the year attributable to equity holders	**5,214,041**	(40,862,140)

Financial Review *(continued)*

Revenue
PetroNeft performs the role of operator for both the licences 61 and 67 joint ventures. This means that PetroNeft employees and management are responsible for the day to day running of both Licences. Major strategic and financial decisions relating to Licence 61 and 67 require unanimous approval by both joint venture partners.

As operator, PetroNeft Holding is entitled to charge certain administrative, management and technical costs to its joint venture WorldAce Investments Limited and its 90% subsidiary Russian BD Holdings B.V. The costs associated with this revenue are included in Administrative Overhead. In 2023 PetroNeft Group charged a total of US$611,521 (2022: US$859,666) in respect of such management services.

The substantial reduction of 29% in CMSA costs is in line with Management's commitment to continually reduce costs where possible

Margins

The reported gross profit for the year was US$611,521 (2022: US$859,666)

Operating losses totalled US$1,766,071 (2022: US$39,954,376). During FY 2023, the Company charged to administrative expenses, a sum of US$311,346, being the forex losses accruing on the disposal of PetroNeft's Russian subsidiary assets, as it marked the rouble denominated transaction to dollars at year end. For FY 2022 a sum in the amount of US16,180,007 represented the write down of the assets to be sold at the agreed Sales Price. In addition, the disposal of PetroNeft's joint venture interest in the Cypriot registered WorldAce Investment Limited, the Joint venture loans, which to that point would have been recovered out of sale of Licence 61, or a farm down are deemed to be fully impaired. The impairment charge on joint venture loans is US$5,084,623 (2022: US$24,324,057). The Company continues to accrue finance income on the WorldAce Investment Limited loans, and then immediately impairs them. There is per the SPA, a contingency asset that may be recoverable 12 months after signing the SPA. More detail of which is contained in Note 29 to these Financial Statements.

Given as noted above, there is no reasonable expectation that Intercompany loans or their associated interest receivable amounts will be recovered, given the sale of PetroNeft's Russian assets, during FY 2023, the historic total deferred taxation accrual of US$6,980,112 was reversed. In FY 2022 the deferred taxation accrual was US872,554.

The profit after taxation for the year was US$5,214,041 versus a reported FY 2022 loss of US$40,862,140. The profit amount derives from a reversal of prior year tax charges and is not indicative of an improved operating environment.

Finance Income
The Finance income relates to interest receivable on loans to the joint ventures. During 2023 PetroNeft recognised interest income of US$5,084,623 (2022: US$3,638,736) on its loans to WorldAce Group and on its loans to Russian BD Holdings B.V pre consolidation US$Nil (2022:US$3,638,736)

Finance Costs
Finance costs relate to interest due on loans from Petrogrand AB, and on separate convertible loans issued in June 2019, and in February 2021. In addition, a further loan arose and became payable to Belgrave Naftogas B.V, arising out of funding provided to the PetroNeft on the acquisition of an additional 40% equity holding in Russian BD Holdings B.V.

Given PetroNeft has elected to dispose of its Russian assets, post a strategic review, first announced on 25 November 2022, Management has worked with the loan note holders to agree revised amounts and terms which are payable on full and final settlement of all loan monies outstanding, post receipt of the monies from the Sale of the Russian assets. For more information on the revised terms and conditions, please see Note 18.

Review of Statement of Financial Position as at 31st December 2023.

Financial Assets- loans
The balance reported in the Statement of 'Financial Position under Financial Assets', represents the loans to the joint venture company WorldAce Investment Limited of US$Nil (2022: US$Nil). It was understood that the loan balance would ultimately have

Financial Review *(continued)*

been repaid out of the sale/farm down or development of the underlying asset, Stimul T LLC, the Russian registered legal entity, which owns the operating Licence 61. WorldAce Investment Limited is a Cypriot registered legal entity, and parent company to Stimul T LLC. On 12 October 2023, the PetroNeft shareholders at an Extraordinary General Meeting, agreed by 88% to 12%, to accept for US$1.00 (One dollar) the sale of PetroNeft's 50% equity interest in WorldAce Investment Limited to Pavel Tetyakov, PetroNeft's current Chief Executive Officer, plus 10% of any shareholder debts, including shareholder loans and CSMA costs if repaid within 1 year of signing the Sales Purchase Agreement. On 10 May 2023, Stimul T LLC filed for bankruptcy administration. Accordingly full provision reported at 100% is recorded against the book value of the loan payable to PetroNeft by WorldAce Investment Limited.

Trade and Other Receivables
There was a significant reduction in Trade and Other Receivables of US$62,208. As at 31 December 2023, US$32,275 (2022: US$94,483).

Assets associated with Assets held for sale
Following a strategic asset review in FY 2022, a decision was taken by the Board to actively promote the sale of all its Russian Assets. Following an exhaustive sales process, indicative offers were received from only Pavel Tetyakov, the current Chief Executive Officer of PetroNeft. The expected transactions which are denominated in Roubles, initially was recorded in the FY2022 Company's books at $US1,707,896. Owing to adverse foreign exchange movements during FY 2023, the reported expected transaction proceeds were revalued to US$1,396,550 as of 31 December 2023.

Called Up Share Capital and Share Premium Account
During 2023, there was no new shares issued during the fiscal year (2022: Nil),

Interest Bearing Loans and Borrowings
Movement in Interest Bearing Loans and Borrowings can be accounted for as follows:

- Automatic extension of all PetroNeft's Loans pending completion of the Sale/Purchase transaction of its Russian assets.
- Per note 18, points 1-4, Management has secured from the loan note holders, significant concessions on loan balances and the associated terms and conditions, provided amounts agreed are paid out within 7 business days of receipt by PetroNeft of the sale proceeds for its interest in Licence 67. The concessions include cancellation of all, and any charges held by Petrogrand AB, the cancellation of all interest accrued across all loan types, and full and final payment of 30% of the principal amount on the Petrogrand AB Loan and 10% on all other loan types. In addition, on exercising the revised terms, Petrogrand AB will acquire the right but not the obligation to acquire an additional 65 million ordinary shares in the Company. Final payments will be subject to Russian withholding tax and any adverse exchange rate movements.

Current and Future Funding of PetroNeft
The Company has net current liabilities at the year-end of US$6,766,976 (2022: US$3,996,118) as per the Statement of Financial Position on page 25. The valuation ascribed to the assets and liabilities, is post a Strategic Asset review, first announced on 25 November 2022, and firmed up on 12 October 2023, when the shareholders at an extraordinary general meeting of PetroNeft agreed by 88% to 12%, to dispose of its Russian assets to Pavel Tetyakov.

The Company continually tries to minimise its costs, especially in the present situation. The Directors and Management have agreed to reduce and defer significant portions of their remuneration and will continue to manage its trade creditors and accruals.

The Company has met with all loan note holders and as indicated in Note 18 – Loans and Borrowings, has secured favourable terms for full and final settlement, plus the cancellation of onerous charges.

Going Concern

Cash on hand.
As at 31st December 2023, PetroNeft had cash and cash equivalents of US$32,275 (2022: US$94,483). A comprehensive review of all cash inflows and outflows is contained in the Statement of Cash Flows on page 27 of the Annual Accounts.

Financial Review *(continued)*

Improving liquidity in the near term.
The Board acknowledges PetroNeft's near term financial position is highly dependent on completion of the sale of its Russian assets to Pavel Tetyakov. Accordingly, the focus for FY 2023, was to complete the sale process in a timely and legally compliant manner. The proceeds for the sale of Lineynoye LLC was successfully received by PetroNeft on the 9 and 11 July 2024. Gross proceeds, including Belgrave Naftogas B.V. share, 10% equity holding in Russian B.D. Holding B.V., amounted to US$1,590,457.

Proceeds received will be used to; discharge the note loan holders at both a Company and at a Russian BD Holding B.V. level, pay reduced amounts on a full settlement basis, amounts owing to the Directors and Management. The remaining balance will be used to manage trade creditors and support the business's operating costs going forward as it attempts to secure alternative business opportunities, completes necessary legal and reporting requirements and in the absence of securing alternative business opportunities, liquidate the Company or keep in existence as a non-trading Company.

Accordingly, the Board has decided to prepare the PetroNeft Annual Report and Financial Statements as that of PetroNeft Holding and the basis for preparation is other than that of Going Concern.

Controlling expenditure.
PetroNeft continues to manage expenditures in line with the Company's commentary as reported under the heading "Improving liquidity in the near term", as reported above.

Proactive liquidity management and cost control.
Include the following:

- Secured from all loan note holders, substantial wavering of charges, plus significant write down of Principal and Interest amounts on full and final settlement, as reported on in Note 18 – Loans and Borrowings. Write downs will be confirmed on payout of agreed final amounts.
- Renumeration amounts owing to key Management increased in the reporting period from US$1,097,010 in FY 2022 to US$1,812,647 in FY 2023, as per Note 23 related party transactions.
- Expected outgoings, at the dates of the respective Statement of Financial Position is captured in Note 20 'Financial Risk Management Objectives and Policies', subsection 'Liquidity Risk Management'. The subsection term amounts are for full and final settlement. Total disbursements are projected in the region of US$1,396,550 (2022:US$ 1,707,896). The amounts reported are considerably less than those amounts reported outstanding as of 31 December 2023 for total interest-bearing loans and borrowings and trade and other payables which amount to US$8,204,221 (2022:US$6,952,696).
- Secured the sale of the Company's Russian assets to Pavel Tetyakov. The Sale Proceeds from the disposal of Lineynoye LLC were remitted to PetroNeft's bank account in July 2024.

The Parent Company's total liabilities, excluding provisions for deferred taxation, exceed its total assets by US$6,766,976 (2022:US$5,000,905)

This represents material uncertainty that casts significant doubt upon the Company's ability to continue as a going concern as described in Note 2 to the Financial Statements. The Company has built solid business relationships with all its stakeholders and will leverage those relationships to proactively manage liquidity on key business need requirement when dealing with loan holders, third party trade creditors and staff.

Focussed asset management and capital allocation:
PetroNeft continually updates its business plans, especially in light of its decision to exit the Russian marketplace.

Principal risks and uncertainties
The Board monitors all risks to PetroNeft on a regular basis using information obtained or developed from external and internal sources and will take actions as appropriate to mitigate these. PetroNeft utilises a risk management approach that identifies key business risks and measures to address those critical to our operating environment in Russia. Accordingly, given the current sanction regime in place, and the inability to fund the development of its Russian assets, PetroNeft has been forced to exit Russia.

Financial Review *(continued)*

Other significant elements of the risk management approach include regular Board reviews of the business, a defined exit process that adheres to local regulatory compliance in both Ireland and Russia, monthly management reporting, financial operating procedures and policy, due attention to HSE and anti-bribery and corruption systems.

The Company had established a comprehensive list of principal risks and uncertainties and the actions needed by the management team to mitigate these risks and uncertainties. This being part of our good business practises. However, the comprehensive systems in place did not prevent the collapse in the value proposition that was PetroNeft Resources plc, due to the onset of the war in Ukraine by Russia and the rollout of international sanctions. Best described as a once in a lifetime adverse event, liquidity dried up, no alternative funding needs could be sourced and be sanction compliant. The appetite for Russian assets became negligible, the focus shifted to cash generating assets. Against a background of ever-increasing debt, of non-engagement by third party professional companies, and the real understanding that each round of further sanction became even more prohibitive, the Company's know Country risks and risk issues became its reality, and the only feasible mitigation was to dispose of the Company's Russian assets. Clearly with the sale of the Company's Russian assets, most of the other risks, while effective in a proper functionally operating environment are less so, when the Company' assets are being sold. The principal risks and uncertainties are available for review on the Company's website, by clicking on the attached link, or copy and paste the attached link into a web browser. http://petroneft.com/upload/iblock/06a/06a0d7603c177498ef08206cde0a0a80.pdf.

Significant Shareholders

The Company's share register was migrated post Brexit to Euroclear Nominees Limited (Belgium) from CREST U.K. as of and from March 15, 2021.

So far as the Directors are aware, the names of the entities, other than serving Directors, who directly or indirectly, maintain an interest of 3% or more of the Issued Share Capital as at 30 September 2024, as per the share register is as follows:

Name of Shareholder	Percentage	Shares
Natlata Partners Limited*	25.7%	275,503,451
Mr. Lloyd Wiggins	14.46%	154,974,339
J&E Davy	6.6%	71,128,048
Seguro Nominees Limited	5.4%	58,280,564

* Shares held by Natlata Partners Limited are beneficially owned by Maxim Korobov and the Directors are aware a further holding of 108,956,061 are held by Six Sis Olten AG for Maxim Korobov, bringing his total shareholding to 25.7%.

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PetroNeft Resources plc

Directors' Report
for the year ended 31 December 2023

The Directors present herewith their Annual Report and the un-audited financial statements of PetroNeft ("PetroNeft", "the Company",) for the year ended 31 December 2023.

Principal Activity
The principal activities of the Company are that of oil and gas exploration, development, and production in Russia. The Company's assets are represented by equity holdings through intermediary companies, of two blocks being Licence 61 (50% interest, held through a joint venture, WorldAce Investments Limited, a Cypriot registered entity) and Licence 67 (90% interest, held through Russian BD Holdings B.V. an entity registered in the Netherlands).

Results and Dividends
The loss for the year before tax amounted to US$1,766,071 (2022: US$39,954,376).

The Directors do not recommend payment of a final dividend, and no interim dividend was paid.

Review of the Development and Performance of the Business
In compliance with the requirements of the Companies Act 2014, a fair review of the performance and development of the Company's business during the year, its position at the year-end and its prospects is contained in the Chairman's Statement on pages 7 to 8, the Chief Executive Officer's Report on page 9 and the Financial Review on pages 10 to 16.

Corporate Governance.

The Company is not subject to the UK Corporate Governance Code applicable to companies with full listings on the Dublin and London Stock Exchanges. The Company has adopted and intends, in so far as is practicable and desirable, given the size and nature of the business and the constitution of the Board, to comply with the 2018 QCA Corporate Governance Code (the "QCA Code") as published by the Quoted Companies Alliance (the "QCA"), and strives to adhere to the Code, even in circumstances were the Company is no longer listed on either the London A.I.M. or Dublin Euronext markets.

The measures taken by the Company to adhere where possible with the 2017 QCA code is listed on the Company's website - http://petroneft.com/upload/iblock/06a/06a0d7603c177498ef08206cde0a0a80.pdf. It should however be understood that due to the constraints placed on the company as a direct result of the Russian – Ukrainian conflict, it has however been impossible to adhere to the QCA code in full.

The QCA Code was devised, in consultation with several significant institutional small Company investors, as an alternative corporate governance code applicable to Small and Mid-Size Quoted Companies. An alternative code was proposed because the QCA considered the UK Corporate Governance Code to be inappropriate to many Small and Mid-Size Quoted Companies.

Directors
The Directors who served during the year are listed on page 2.

In accordance with Article 89 of the Articles of Association of the Company, Pavel Tetyakov and Daria Shaftelskaya are due to retire by rotation at the next AGM and are eligible to offer themselves for re-election.

Directors' Report
for the year ended 31 December 2023

Directors, Company Secretary, and their Interests
The Directors and Company Secretaries who held office during 2023 and in the period up to 30 September 2024 had no interest, other than those shown below, in the Ordinary Shares of the Company. All interests shown below are beneficial interests.

Directors	**Ordinary Shares As at 30 September 2024**	**Ordinary Shares As at 31 December 2023**	**Ordinary Shares As at 1 January 2023**
Daria Shaftelskaya*	98,164,020	98,164,020	98,164,020
David Sturt	26,094,132	26,094,132	26,094,132
Pavel Tetyakov	15,637,515	15,637,515	15,637,515
Eskil Jersing (appointed 1 November 2021)	768,807	768,807	-
Anthony Sacca	-	-	-
	-	-	-
Company Secretary			
Michael Power	-	-	-

**Shares held by Daria Shaftelskaya in her own capacity and on her behalf by National Securities Depository Russia.

Principal Risks and Uncertainties
The Company has a risk management structure in place which is designed to identify, manage, and mitigate business risks. Risk assessment and evaluation is an essential part of the internal control system.

Details of the principal risks and uncertainties affecting the Company as required to be disclosed in accordance with the Companies Act 2014, are listed on pages 13-14

Going Concern
The appropriateness of continuing to prepare the financial statements on a going concern basis is discussed in detail in the Finance Review on page 12 in the paragraphs related to the "Current and future funding of PetroNeft" and - "Going Concern", pages 12-13 for "Improving liquidity in the near term" and "Proactive liquidity management and cost control" and in Note 2 to the financial statements on pages 29-30.

The circumstances outlined in the Finance Review on Pages 12-13 and Note 2 to the financial statements on pages 29-30, represent material uncertainties that cast significant doubt upon the Group and the Company's ability to continue as a going concern. After making enquiries, and considering the uncertainties described in the Finance Review and Note 2, the Directors believe it is not appropriate that the Company should adopt the Going Concern Concept in preparing these Financial Statements. Depending on engagement with third party service Companies, Legal and Compliance requirements, and funding available the Directors intend to either liquidate the Company or keep it in existence as a non-trading entity. Accordingly, the financial statements have been prepared on a basis other than Going Concern as outlined Note 2.

Remuneration Committee Report
The Company's policy on senior executive remuneration was designed to attract and retain people of the highest calibre who could bring their experience and independent views to the policy, strategic decisions, and governance of the Company. Noteworthy, in the context of managing the Company through the current crisis, the Company has relied on the dedication and professionalism of the current management and staff who have worked at times despite at times having no certainty about what remuneration if any they would receive due to the financial constraints imposed on the Company.

In setting remuneration levels, the Remuneration Committee takes into consideration the remuneration practices of other companies of similar size and scope. A key philosophy is that staff must be properly rewarded and motivated to perform in the best interests of the shareholders. Bonuses for Executive Directors are based on performance targets which include elements relating to operational outcomes and individual performance. However, as noted elsewhere in this Annual Report, the Board and

Directors' Report
for the year ended 31 December 2023

Management have taken significant cuts to their packages, and experienced significant, multiyear delays in getting paid out, when final balances are agreed.

The Company did not have a share option scheme in place during the 2023 financial year.

Directors' Accrued Remuneration (US$)

Executive Directors includes the amounts accrued but not paid for Directorships, plus also for fees accrued but not paid for the roles as Chief Executive Officer.

Executive Directors includes the amounts accrued but not paid for the role of Director but also for fees accrued but not paid for the roles as Chief Executive Officer as of 31 December 2023 US$1,325,100 (2022: US$817,943), The amount owing to Directors continues to increase, which is significant equating to approximately 2 years renumeration not paid out as of the reporting date. Final payout is expected to much less than accrued amounts.

As part of the agreed Sale / Purchase agreement it is expressly understood that the monies owing to Pavel Tetyakov are reduced to nil, monies owed to David Sturt will be reduced as the termination fees will be marked to zero and any remaining payout will be as determined by cashflow and business priorities, ultimately resulting in final amounts paid out to be reduced further, significantly.

	2023			2022		
Director	**Basic**	**Pension**	**Total**	**Basic**	**Pension**	**Total**
Executive directors						
David Sturt*	32,784	-	32,784	527,946	36,940	564,886
Pavel Tetyakov	404,200	30,000	434,200	243,437	17,943	261,380
	436,984	30,000	466,984	771,383	54,883	771,383
Non-executive directors						
Alastair McBain	-	-	-	22,416	-	22,416
Daria Shaftelskaya	22,100	-	21,029	21,029	-	21,029
Anthony Sacca	22,100	-	21,029	21,029	-	21,029
Eskil Jersing	22,100	-	21,029	21,029	-	21,029
	66,300	**-**	**66,300**	**85,503**	**-**	**85,503**
Total Directors remuneration	**503,284**	**30,000**	**533,284**	**856,886**	**54,883**	**911,769**

*Includes termination fees on retiring as PetroNeft's Chief Executive officer of US$Nil (2022:US$188,628) accrued but not paid and Medical Insurance premiums of US$3,392 (2022: US$13,171)

Political Donations
The Company did not make any political donations during the year.

Important Events after the Balance Sheet Date
The onset of the Russian / Ukrainian conflict, which has led the global community to the imposition of substantial and penal sanctions on the Russian government and its officials. The sanctions led to prohibitions on doing business in any meaningful commercial way in Russia. These sanctions continued to evolve through 2024.

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Directors' Report
for the year ended 31 December 2023

On the 30 June 2023, the Company announced suspension of trading of its equities on both the A.I.M. and Euronext markets pending publication of its audited annual report for FY 2022. Dealings in the Company's ordinary shares was therefore suspended from 7.30 a.m. on Monday 3 July 2023 until such time as the Audited Accounts would have been duly published. The Audited Accounts were not published by 31 December 2023, and the Company's admission to AIM and Euronext Growth was cancelled as of 4 January 2024.

On the 29 May 2024, Computershare withdrew its services as Registrar to the Company.

On the 9 and 11 July 2024, the Company received monies for the sale of LIneynoye LLC. Accordingly, the sale of Lineynoye LLC is now complete.

On the 2 August 2024, per the updated Share Certificate, provided by the Cypriot Registrar of Companies, Pavel Tetyakov replaced PetroNeft Resources plc as equity holder, in the joint venture WorldAce Investments Limited.

On the 4 August 2024, Allied Irish Bank plc, withdrew its banking services to PetroNeft Resources plc.

Computershare (provided the Company with shareholder register services) terminated its service provision which included disablement of the ISIN within Euroclear Bank system, this process was finalised on 13 of September 2024. Computershare processed transactions through Euroclear bank up to that date and provided the Share Register to the Company on the 19 September 2024 which reflects the final position per Computershare on their records of the equity holders in PetroNeft as of 13 September 2024.

Through November 2024, the Company discharged obligations owing to its Debt Holders, management, with the exceptions of monies owing to Pavel Tetyakov and Natlata Partners Limited, came to full and final settlement agreement terms with non-related third-party payables, with the exception of Computershare Services, the then share registrar on record and made part payment of fees and salaries owing to Management and staff.

Accounting Records
The measures taken by the Directors to ensure compliance with the requirements of Sections 281 to 285, Companies Act 2014, regarding accounting records are the implementation of necessary policies and procedures for recording transactions, the employment of competent accounting personnel with appropriate expertise and the provision of adequate resources to the financial function. The accounting records of the Company are maintained at 20 Holles Street, Dublin 2, Ireland.

Directors' Compliance Statement
It is the policy of the Company to comply with its relevant obligations (as defined in the Companies Act 2014). The Directors have drawn up a compliance policy statement (as defined in section 225(3)(a) of the Companies Act 2014) and arrangements and structures are in place that are, in the Directors' opinion, designed to secure material compliance with the Company's relevant obligations. The Directors confirm that these arrangements and structures were reviewed during the financial year. As required by Section 225(2) of the Companies Act 2014, the Directors acknowledge that they are responsible for the Company's compliance with the relevant obligations. In discharging their responsibilities under Section 225, the Directors relied on the advice both of persons employed by the Company and of persons retained by the Company under contract, who they believe have the requisite knowledge and experience to advise the Company on compliance with its relevant obligations.

Directors' Responsibilities Statement in Respect of the Financial Statements
The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Irish Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with IFRSs as adopted by the European Union. Under Company law the Directors must not approve financial statements unless they are satisfied, they give a true and fair view of the assets, liabilities, and financial position, of the Company as at the end of the financial year, and the profit or loss for the Company for the financial year, and otherwise comply with the Companies Act 2014.

In preparing these 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 the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and Directors' Report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Disclosure of information to auditors

So far as each of the Directors in office at the date of approval of the financial statements is aware and subject to and ratification of the auditor's appointment:

- ALL relevant audit information is to be made available to the auditors if appointed.; and
- The Directors have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that this information is disclosed to the Company's auditors if appointed.

This confirmation is given and should be interpreted in accordance with the provisions of Section 330 of the Companies Act 2014.

Auditors
At the time of drafting these financial statements no auditors had been appointed by the Company in accordance with the provisions of the Companies Act 2014. due to the fact that there was no funding available to meet the Auditors fee. This arises due to a combination of an unwillingness of Audit Companies to work with the Company combined with the financial constraints under which the Company was operating, and the Board was unable to identify and appoint an auditor.

Approved by the Board on **16 December 2024**

David Sturt
Director

Pavel Tetyakov
Director

Company Income Statement

For the year ended 31 December 2023

	Note	2023 US$	2022 US$
Revenue	5	611,521	859,666
Cost of sales		-	-
Gross profit		**611,521**	859,666
Administrative expenses		(1,726,339)	(3,260,875)
Operating Profit/(Loss)	7	**(1,114,818)**	(2,401,209)
Finance Income	8	5,084,623	3,680,578
Finance costs	9	(651,253)	(709,482)
Impairment of financial assets- investments in joint ventures and subsidiaries	12	-	(16,180,007)
Impairment of financial assets- loans at amortised cost.	13	(5,084,623)	(24,324,057)
Valuation of gains/ (losses) on fair value through profit and loss on debt instruments		-	(20,199)
Profit/(Loss) for the year for continuing operations before taxation		**(1,766,071)**	(39,954,376)
Taxation	10	6,980,112	(907,764)
Profit/(Loss) for the year		**5,214,041**	(40,862,140)

Company Statement of Comprehensive Income

		2023	2022
Profit/(Loss) for the year attributable to equity holders		**5,214,041**	(40,862,140)
Other comprehensive income		-	-
Total comprehensive loss for the year attributable to equity holders		**5,214,041**	(40,862,140)

Approved by the Board on 16 December 2024

David Sturt
Director

Pavel Tetyakov
Director

Company Statement of Financial Position

As at 31 December 2023

	Note	2023 US$	2022 US$
Non-current Assets			
Property, plant, and equipment	11	-	-
Financial assets - investments in joint ventures and subsidiaries	12	-	-
Financial assets - loans	13	-	-
		-	-
Current Assets			
Trade and other receivables	14	32,275	94,483
Cash and cash equivalents	15	8,420	66,240
		40,695	160,723
Assets associated with assets held for sale	16	1,396,550	1,707,896
		1,437,245	1,868,619
Total Assets		**1,437,245**	**1,868,619**
Equity and Liabilities			
Capital and Reserves			
Called up share capital	17	13,661,466	13,661,466
Share premium account		147,679,056	147,679,056
Share-based payment reserve		6,796,540	6,796,540
Retained loss		(175,416,019)	(180,630,060)
Other reserves		511,981	511,981
Equity attributable to equity holders of the parent		**(6,766,976)**	**(11,981,017)**
Non-current Liabilities			
Interest bearing loans and borrowings	18	-	1,004,787
Derivative financial liabilities	18	-	-
Deferred tax liability	10	-	6,980,112
		-	**7,984,899**
Current Liabilities			
Interest-bearing loans and borrowings	18	5,940,602	3,971,394
Derivative financial liabilities	18	-	313,168
Trade and other payables	19	2,263,619	1,580,175
		8,204,221	**5,864,737**
Total Liabilities		**8,204,221**	**13,849,636**
Total Equity and Liabilities		**1,437,245**	**1,868,619**

The Company reported a profit for the financial year ended 31 December 2023 of US$5.214 million (2022: loss of US$40.86 million).

Approved by the Board on 16 December 2024.

David Sturt
Director

Pavel Tetyakov
Director

Company Statement of Changes in Equity

For the year ended 31 December 2023

	Share capital US$	Share premium US$	Share-based payment and other reserves US$	Retained loss US$	Total US$
At 1 January 2022	**13,661,466**	**147,679,056**	**7,308,521**	**(139,767,920)**	**28,881,123**
Profit/(Loss) for the year	-	-	-	(40,862,140)	(40,862,140)
Total comprehensive loss for the year	-	-	-	(40,862,140)	(40,862,140)
At 31 December 2022	**13,661,466**	**147,679,056**	**7,308,521**	**(180,630,060)**	**(11,981,017)**
At 1 January 2023	**13,661,466**	**147,679,056**	**7,308,521**	**(180,630,060)**	**(11,981,017)**
Profit for the year	-	-	-	5,214,041	5,214,041
Total comprehensive profit for the year	-	-	-	5,214,041	5,214,041
At 31 December 2023	**13,661,466**	**147,679,056**	**7,308,521**	**(175,416,019)**	**(6,766,976)**

Share premium is the amount received for shares issued in excess of their nominal value, net of share issuance costs.
Retained loss is the cumulative losses recognised in the Statement of Comprehensive Income

PetroNeft Resources plc

Company Cash Flow Statement

For the year ended 31 December 2023

		2023	2022
Operating Activities	***Note***	**US$**	**US$**
Profit /(Loss) before taxation		**(1,766,071)**	**(39,954,376)**
Adjustments to reconcile loss before tax to net cash flows			
Non-cash			
Impairment of financial assets- investments in joint ventures and subsidiaries/Assets held for Sale		-	16,180,007
Impairment of financial assets-Loans Receivable	*13*	5,084,623	24,324,057
Foreign Exchange Losses/(Gains)	*7*	311,346	(425)
Loss Allowance		-	1,314,016
Loss/(Profit) on equity settlement of financial liabilities		-	1,753,874
Finance income	*8*	(5,084,623)	(3,680,578)
Finance costs	*9*	651,253	749,880
Fair value gains on financial derivatives		-	(20,199)
Working capital adjustments			
Decrease/(Increase) in trade and other receivables	*14*	62,208	(317,185)
Increase / (Decrease) in trade and other payables	*19*	683,444	1,009,208
Net cash flows used in operating activities		**(57,820)**	**(395,595)**
Investing activities			
Loan facilities advances		-	-
Return of loan facilities		-	-
Net cash (used in)/received from investing activities		**-**	**-**
Financing activities			
Repayment of interest on loan facilities		-	(248,055)
Repayment of principal on loan facilities		-	-
Net cash received from financing activities		**-**	**(248,055)**
Net decrease in cash and cash equivalents		(57,820)	(643,650)
Translation adjustment		-	1
Cash and cash equivalents at the beginning of the year	*15*	66,240	709,889
Cash and cash equivalents at the end of the year	*15*	**8,420**	**66,240**

Notes to the Financial Statements

For the year ended 31 December 2023

Notes to the Financial Statements

For the year ended 31 December 2023

1. General information on the Company and the Group

PetroNeft Resources plc ("PetroNeft", "the Company", or together with its subsidiaries and joint venture, "the Group") is a public limited Company incorporated in the Republic of Ireland with the company registration number 408101. The Company listing on the Alternative Investments Market ("AIM") of the London Stock Exchange and the Enterprise Securities Market ("ESM") of Euronext was cancelled as of 4 January 2024. The address of the registered office and the business address in Ireland is 20 Holles Street, Dublin 2. The Company is domiciled in the Republic of Ireland.

The principal activities of the Group, which are unchanged from last year, are oil and gas exploration, development, and production.

2. Going Concern

On the 11 July 2024, with final remittance to PetroNeft, the sale of its primary producing asset Lineynoye LLC was completed. Subject to final compliance matters, the parent of Lineynoye LLC, the Dutch registered Russian BD Holdings B.V., will file for voluntary wind up during Q4 2024.

Previously the Company announced, that on 10 May 2023, Stimul T LLC, the operator of Licence 61 voluntary filed for bankruptcy administration, as on 29 August 2022, there was a unilateral suspension of oil transhipments by Nord Imperial LLC. Both Nord Imperial LLC and Stimul T LLC had been engaged in a legal dispute over the transhipment tariff rates dating back to 2015. Disappointingly, Stimul T failed in the first instance to secure legal redress against Nord Imperial LLC, and there were no preliminary adverse Anti-Monopoly findings against Nord Imperial LLC.

On the 1 August 2023, PetroNeft announced it had agreed Heads of Terms for the sale of its equity interest in WorldAce Investment Limited for US$1 to Pavel Tetyakov, current chief executive officer of PetroNeft. On the 2 August 2024, PetroNeft's equity in the Cypriot joint Venture, WorldAce Investment Limited and parent of Stimul T LLC was transferred to Pavel Tetyakov.

As reported on Note 18, the Company achieved revised full and final debt settlement terms, for all its loan finance agreements. The main settlement terms include the following.

- For payments equating to 10% of unsecured Loan principal amounts, there would be cancellation of all accrued interest plus the remaining 90% Loan principal.
- For payment equating to 30% of Petrogrand's AB secured Loan principal and the right but not the obligation to acquire a further 65 million Ordinary Shares in PetroNeft, there would be cancellation of all accrued interest plus the remaining 70% Loan principal.
- Petrogrand AB, was the only third-party entity holding security over all the assets and future revenue streams of PetroNeft. It is a related party, given Maxim Korobov, a former director and ultimate beneficial owner of Natlata Partners Limited which own 25.7% of PetroNeft. Maxim Korobov also owns more than 50% interest in Petrogrand AB. On payment of the final settlement amounts, all and any securities accruing to Petrogrand AB are cancelled.

The Company has analysed its cash flow requirements through to 30 November 2025. The cash flows are dependent on a) proactive management of trade creditors and other accruals, including the agreed deferral of directors and senior management fees, b) discharge of debt holders liabilities in line with revised full and final settlement terms and c) no adverse claims or events that potentially erodes any cash holding attributable to the Company as it progresses to a route of a successful wind down either through a liquidation or keep the Company in existence as a non-trading entity.

The Company will need additional funding to continue as a going concern, where:

- PetroNeft identifies other business opportunities.
- Business costs, in particular compliance and statutory reporting fees are higher than expected.

2. Going Concern (continued)

With respect to the ongoing conflict between Russia and Ukraine, PetroNeft continues to operate within the laws of the countries in which it has operations. PetroNeft and its management look forward to a swift resolution to the ongoing conflict. At this time, it is not possible to determine when such a resolution will be achieved.

The above circumstances represent material uncertainties that cast significant doubt upon the Company's ability to continue as a going concern, more so in light of the disposal of its Russian assets. After making enquiries, and considering the uncertainties described above, the Directors are confident that the Group and the Company will have adequate resources to continue in operational existence for the foreseeable future to bring the Company to a position of a wind down. The judgement is supported by:

- Near term cash injection following the disposal of PetroNeft's Russian assets.

For these reasons, the basis in preparing the annual report and accounts is other than that of Going Concern.

Accordingly, these financial statements do include adjustments to the carrying amount or classification of assets and liabilities that would result if the Company were unable to continue as a going concern.

3. Accounting policies

3.1 Basis of Preparation

The financial statements have been prepared on a historical cost basis. The financial statements are presented in US Dollars ('US$').

The Company's accounting policies set out below have been applied consistently, for all periods in the preparation of these financial statements.

Statement of Compliance

The standalone financial statements of PetroNeft Resources plc have been prepared in accordance with International Financial Reporting Standards (" IFRS") as adopted by the European Union ("EU").

3.2 Significant Accounting Judgements, Estimates and Assumptions

The preparation of these standalone financial statements is following IFRS as adopted by the European Union. The ("EU") requires management to make judgements, estimates and assumptions that affect the reported amounts attributable to the assets and liabilities at the end of the reporting year and the amounts of revenues and expenses recognised during the reporting period. Estimates and judgements are continuously evaluated and are based on management's experience and other factors, including expectations of the future events that are believed to be reasonable under the circumstances. However, uncertainty about these assumptions and estimates could result in outcomes that require an adjustment to the carrying amount of the asset or liability affected in future periods.

(a) Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have a significant effect on amounts recognised in the standalone financial statements.

3.2 Significant Accounting Judgements, Estimates and Assumptions (continued)

Going concern – Note 2

The Directors have at the time of approving the financial statements, no reasonable expectation that the Company has adequate resources to continue in operational existence for the near future. The basis for this judgement is the limited cashflow post the disposal of the Company's Russian Assets, the lack of any viable expressions of interests in the

The location of PetroNeft's business operations in Russia, created an environment which precluded its ability to be able to raise fund. Despite proactive management of trade payables and loan balances and noting upcoming compliance fees, the business will not have the financial broadband to pursue other new business ventures.

For these reasons, the Directors report, the basis in preparing the annual report and accounts is other than that of Going Concern. Further detail is contained in Note 2 above.

Financial assets at amortised cost. – Notes 12,13,14 and 164.

For 2023, the share of losses and currency translation adjustments in the WorldAce Investment Limited joint venture exceeded the carrying value of equity-accounted investment in the joint venture. Historically it, was judged that the financial assets from the joint ventures are long term interests that, in substance, form part of the entity's net investment in the joint ventures, and post application of IFRS 9 to long term interest, under IAS 28, any excess loss should be credited against the carrying value of the financial assets from the joint venture Company in accordance with IAS 28.

Business model assessment

Classification and measurement of financial assets depends on the results of the Solely Payments of Principal and Interest (SPPI) and the business model test. The Company determines the business model at a level that reflects how group of financial assets are managed together to achieve a business objective. This business model assessment moves from estimates to judgements reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business model for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

(b) Estimates and Assumptions

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

Impairment of property, plant, and equipment

At each balance sheet date, the Company reviews the carrying amounts of its property, plant, and equipment to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated to determine the extent of any impairment loss.

The recoverable amount is determined as the higher of the fair-value-less-costs–of-disposal for the asset and the asset's value-in-use. If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired, and an impairment loss is charged to the Company's Income Statement to reduce the carrying amount in the Company's Balance Sheet to its recoverable amount.

Fair value is determined as the amount that would be obtained from the sale of the asset in an orderly transaction between market participants at the measurement date. Direct costs of selling the asset are deducted.

3.2 Significant Accounting Judgements, Estimates and Assumptions (continued)

Value-in-use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and its eventual disposal. Value-in-use is determined by applying assumptions specific to the Company's continued use and cannot consider future development. These assumptions are different to those used in calculating fair value and consequently the value-in-use calculation is likely to give a different result to a fair value

Impairment of financial assets – Note 12,13,14 and 16

Investments in joint venture and subsidiaries in the Company balance sheet are stated at cost and are reviewed for impairment if there are indications that the carrying value may not be recoverable in the Company balance sheet.

Income tax- Note 10

Significant judgment is required in determining the provision for income taxes. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

3.3 Summary of Significant Accounting Policies

(a) Foreign currencies

The standalone financial statements are presented in US Dollars, which is the Company's presentational currency. The US Dollar is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The Company's Russian subsidiaries' functional currency is the Russian Rouble. Transactions in foreign currencies are initially recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at. the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement except for all. monetary items that provide an effective hedge for a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment.

Non-monetary items are translated using the exchange rates ruling as at the date of the initial transaction.

The assets and liabilities of foreign operations are translated into US Dollars at the rate of exchange ruling at the balance sheet date and their Income Statements are translated at monthly average exchange rates. The exchange differences arising on the translation are taken directly to equity.

The relevant average and closing exchange rates for 2023 and 2022 were:

	2023		2022	
US$1 =	**Closing**	**Average**	**Closing**	**Average**
Russian Rouble	90.8171	85.1681	70.3383	61.8924
Euro	0.9049	0.9236	0.9376	0.9509
British Pound	0.7864	0.8025	0.8315	0.8112

(b)Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. No finance costs met the criteria to be capitalised as borrowing costs in either 2023 or 2022.

3.3 Summary of Significant Accounting Policies (continued)

(c) Property, plant, and equipment.
Property, plant and equipment are stated at cost, less accumulated depreciation, and accumulated impairment losses, if any.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning obligation, and for qualifying assets, relevant borrowing. costs. The purchase price or construction cost is the aggregate amount paid, and the fair value of any other consideration given to acquire the asset.

Depreciation
Property, plant, and equipment are generally depreciated on a straight-line basis over their estimated useful lives at the following annual rates:

- Plant and machinery – 10% to 35%.
- Motor vehicles – 14% to 35%.
- Property, plant, and equipment – 10 % -15%

(d) Intangible Assets
Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The carrying values are reviewed for indicators of impairment at each reporting date and are subject to impairment testing when events or changes in circumstances indicate that the carrying values may not be recoverable.

Intangible assets are amortised on a straight-line basis. In general, based on the current composition of definite-lived intangible assets which represents extraction rights, the useful lives are 35 years. Amortisation periods, useful lives, expected patterns of production and residual values are reviewed at each financial year-end. Changes in the expected useful life or the expected pattern of production of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method as appropriate on a prospective basis.

(e) Financial assets
Financial assets – Classification
From 1 January 2018, the Company classifies its financial assets in the following measurement categories:
• those to be measured at amortised cost, and
• those to be measured subsequently at fair value (either through OCI or through profit or loss).
The classification and subsequent measurement of debt financial assets depends on: (I) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

For investments in equity instruments that are not held for trading, classification will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). This election is made on an investment-by-investment basis.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Financial assets - Recognition and derecognition
Purchases of financial assets are recognized when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred all the risks and rewards of ownership.

3.3 Summary of Significant Accounting Policies (continued)

Financial assets - Measurement
At initial recognition, a financial asset is measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Financial assets - impairment - credit loss allowance for ECL
From 1 January 2018, the Company assesses on a forward-looking basis the expected credit losses "ECL" for debt instruments (including loans) measured at Amortised Cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Company measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions, and forecasts of future conditions.

The carrying amount of the financial assets is reduced using an allowance account, and the amount of the loss is disclosed separately in the statement of profit or loss within the Impairment of Financial Assets Loans and Receivables

Debt instruments measured at Amortised Cost are presented in the statement of financial position net of the allowance for ECL.

Expected losses are recognized and measured according to one of two approaches: general approach or simplified approach.

For trade receivables the Company applies the simplified approach permitted by IFRS 9, which uses lifetime expected losses to be recognised from initial recognition of the financial assets.

For all other financial asset that are subject to impairment under IFRS 9, the Company applies general approach three stage model for impairment. The Company applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit impaired on initial recognition is classified in Stage 1.

Financial assets - write off.
Financial assets are written off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write off represents a derecognition event. The Company may write off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Cash and cash equivalents.
Cash and cash equivalents comprise cash on hand and demand deposits. Cash and cash equivalents are carried at amortised cost.

Financial assets at amortised cost
These are held with the objective to collect their contractual cash flows, and their cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortised cost using the effective interest method, less. provision for impairment. Financial assets at amortised cost are classified as current assets if they are due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

Trade receivables and other receivables are classified as trade and other receivables. Financial assets are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the

3.3 Summary of Significant Accounting Policies (continued)

effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. Loans to and receivables from joint ventures represent funding by the Company for which repayment is neither planned nor likely to occur in the foreseeable future. These are treated as part of the Company's net investment in the joint ventures.

Financial liabilities

Financial liabilities - measurement categories

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

Financial Liabilities-Fair value through profit or loss

This category comprises out-of-the-money derivatives where the time value does not offset the negative intrinsic value. They are carried in the Company statement of financial position at fair value with changes in fair value recognised in the Company's statement of comprehensive income. The Company does not hold or issue derivative instruments for speculative purposes, but for hedging purposes. Other than these derivative financial instruments, the Company does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

Derivative Financial Instruments

Derivative financial instruments are contracts, the fair value of which is derived from one or more underlying financial instruments or indices, and include futures, forwards, swaps and options in the interest rate, foreign exchange, equity, and credit markets.

Derivative financial instruments are recognised in the statement of financial position at fair value. Fair values are derived from prevailing market prices, discounted cash flows or option pricing models as appropriate.
In the statement of financial position,

- derivative financial instruments with positive fair values (unrealised gains) are included as assets and derivative financial instruments.
- with negative fair values (unrealised losses) are included as liabilities.

The changes in the fair values of derivative financial instruments are recognised through profit and loss.

(f) Trade payables

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

(g) Non-current liabilities

Non-current liabilities represent amounts that are due more than twelve months from the reporting date.

(h) Interest-bearing loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the Income Statement when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by considering any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance cost in the Income Statement.

3.3 Summary of Significant Accounting Policies (continued)

(i) Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms. of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Income Statement. Substantially modified means when the net present value of the cashflows under the original terms and the modified terms is greater than 10%.

(j) Comparatives
Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

(k) Fair value measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, if market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: valuation techniques for which the lowest level of inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: valuation techniques for which the lowest level of inputs that have a significant effect on the recorded fair value are not based on observable market data.

(l) Inventories
Inventories are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each. product to its present location and condition.

Net realisable value represents the estimated selling price in the normal course of business less estimated costs of completion and estimated costs necessary to make the sale.

(m) Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive) because of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all a provision to be reimbursed,

3.3 Summary of Significant Accounting Policies (continued)

for example, under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Company Income Statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A contingent liability is disclosed where the existence of an obligation will only be confirmed by future events or where the amount of the obligation cannot be measured with reasonable reliability. Contingent assets are not recognised but are disclosed where an inflow of economic benefits is probable.

(n) Other financial liabilities
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(o) Share capital
Ordinary shares are classified as equity. Costs of share issues are deducted from equity.

(p) Taxes

Current income tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Group operates and generates taxable income.

Deferred income tax
Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- in respect of taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled, and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, including carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised except:

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

3.3 Summary of Significant Accounting Policies (continued)

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax relating to items recognised outside of profit and loss is recognised outside profit and loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(q) Revenue recognition
Revenue is recognised when control has been transferred to the customer. Revenue is recognized at the transaction price which the Company expects to be entitled to, after deducting sales taxes, excise duties and similar levies. For contracts that contain separate performance obligations the transaction price is allocated to those separate performance obligations by reference to their relative standalone selling prices.

The Company recognises revenue from the following major sources:
- Management services

Revenue from management services is recognised in accordance with agreements with our subsidiaries and joint venture partner. The provision of management services is recognised monthly at a variable price with an application of “right to invoice” practical expedient.

(r) Share-based payment
Employees (including senior executives) and Directors of the Company may receive fees and remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (“equity-settled transactions”).

In situations where equity instruments are issued and some or all the goods or services received by the entity as consideration cannot be specifically identified, the unidentified goods or services received (or to be received) are measured as the difference between the fair value of the share-based payment transaction and the fair value of any identifiable goods or services received at the grant date. This is then capitalised or expensed as appropriate.

(s) Equity-settled transactions
The cost of equity-settled transactions is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuer using an appropriate pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company’s best estimate of the number of equity instruments that will ultimately vest.

3.3 Summary of Significant Accounting Policies (continued)

The income statement charges or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction are modified, the minimum expense recognised is the expense as if the terms had not been modified if the original terms of the awards are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee is not met. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Where appropriate, the dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(t) Leases
The Company accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period in exchange for consideration. Leases are those contracts that satisfy the following criteria: (a) There is an identified asset; (b) The Company obtains substantially all the economic benefits from use of the asset; and (c) The Company has the right to direct use of the asset. The Company considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease. In determining whether the Company obtains substantially all the economic benefits from use of the asset, the Company considers only the economic benefits that arise from use of the asset, not those incidentals to legal ownership or other potential benefits. In determining whether the Company has the right to direct use of the asset, the Company considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Company considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Company applies other applicable IFRSs rather than IFRS 16.

(u) Finance Income and finance cost
For all financial instruments measured at amortised cost, interest income or expense is recorded using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected. life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in Finance Income in the income statement. Interest expense is included in the Finance cost in the income statement.

(v) Employee Costs
Liabilities for wages and salaries, including non-monetary benefits are measured at the amount expected to be paid when the liability is settled. The liability for annual leave is recognised in current provisions in respect of employees' services up to the reporting date and is measured at the amount expected to be paid when the liability is settled. Regardless of the expected timing of settlements, provisions made in respect of employee benefits are classified as a current liability, unless there is an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date, in which case it would be classified as a non-current liability.

3.3 Summary of Significant Accounting Policies (continued)

Pension benefits are funded over the employees' period of service by way of contributions to a defined contribution scheme. Contributions are charged to the Company's Income Statement in the year to which they relate.

(w) Convertible debt

The proceeds received on issue of the Company's convertible debt are allocated into their liability and equity components. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that does not include an option to convert. Subsequently, the debt component is accounted for as a financial liability measured at amortised cost until extinguished on conversion or maturity of the bond. The remainder of the proceeds is allocated to the conversion option and is recognised in the "Convertible debt option reserve" within shareholders' equity, net of income tax effects.

(x) Joint Arrangements

Joint arrangements the Company is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Company and at least one other party. Joint control is assessed under the same principles as control over subsidiaries. The Company classifies its interests in joint arrangements as either: - Joint ventures: where the Company has rights to only the net assets of the joint arrangement - Joint operations: where the Company has both the rights to assets and obligations for the liabilities of the joint arrangement. In assessing the classification of interests in joint arrangements, the Company considers: - The structure of the joint arrangement - The legal form of joint arrangements structured through a separate vehicle - The contractual terms of the joint arrangement agreement - Any other facts and circumstances (including any other contractual arrangements). The Company accounts for its interests in joint ventures in the same manner as investments in Associates (i.e., using the equity method). Any premium paid for an investment in a joint venture above the fair value of the Company's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in joint venture. Where there is objective evidence that the investment in a joint venture has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

3.4 Changes in Accounting Policy and Disclosures – Adoption of new or revised standards and interpretations

There have been no new standards or amendments to standards adopted by the Company during the year ended 31 December 2023, which have had a material impact on the Company.

4. Segment information

The Company's reporting segments are shown below. They include segment information on allocation of assets and segment information on revenues by both location and customer.

The risk and returns of the Company's operations are primarily determined by the nature of the activities that the Company engages in, plus given the adoption of international sanctions in the wake of the Russian invasion of Ukraine, the geographical location of these operations. This is reflected by the Company's organisational structure and the Company's internal financial reporting systems.

Management monitors and evaluates the operating results for the purpose of making decisions consistently with how it determines operating profit or loss in the Company's financial statements.

Geographical segments

Substantially all the Group's sales and capital expenditures would have been allocated in Russia.

Assets are allocated based on where the assets are located:

	2023	2022
Non-current assets	**US$**	**US$**

Russia	-	-
Ireland	-	-
	-	-

Revenues are allocated on where the underlying business and assets are located.

	2023 US$	2022 US$
Revenue- Location		
Russia	611,521	859,666
	611,521	**859,666**

	2023 US$	2022 US$
Revenue- Customer		
WorldAce Investment Limited	399,760	655,660
Russian BD Holdings B.V.	211,761	204,006
	611,521	**859,666**

5. Revenue

	2023 US$	2022 US$
Revenue		
Crude Oil Sales	-	-
Management Services	611,521	859,666
Construction Services	-	-
	611,521	**859,666**

All Crude oil revenues are recorded in Russian BD Holdings B.V., which transitioned from a joint venture to subsidiary entity as and from 1 March 2021.

The revenue arises from sale of Crude oil to third party offtakers, based in the Russian federation

The Holding Company fee income, being management service fees reimbursed from expenditure that PetroNeft incurred, as operator of the licences.

The construction revenue is mainly derived by Granite LLC, from construction services offered to Lineynoye LLC, the 100% subsidiary of Russian BD Holding B.V. (Dutch registered) and Stimul-T LLC, which is the 100% subsidiary of joint venture arrangement WorldAce Investments Limited (Cypriot Registered).

Notes to the Financial Statements

For the year ended 31 December 2023

6. Employees

Number of employees	2023	2022
Company	**Number**	**Number**
The average numbers of employees (including Directors) during the year were:		
Directors	5	6
Senior Management	3	3
	8	**9**

Employment costs (including Directors)	2023	2022
Company	**US$**	**US$**
Wages and salaries	730,298	1,286,422
Social insurance costs	23,512	81,050
Pension contributions	42,375	77,632
	796,185	**1,445,104**

Directors' emoluments	2023	2022
Company	**US$**	**US$**
Remuneration and other emoluments - Executive Directors*	436,984	771,383
Remuneration and other emoluments - non-Executive Directors	66,300	85,503
Pension contributions	30,000	54,883
	533,284	**911,769**

* Includes termination fees on retirement of PetroNeft's Chief Executive officer of US$Nil (2022:US$188,628), and Medical Insurance of US$3,392 (2022: US$13,171).

(a) Included in the above are unpaid fees and remuneration due to Directors as at 31 December 2023 of US$1,325,100 (2022: US$817,943)

(b) Pension contributions to directors during the year relate to 1 director (2022: 2 Directors).

(c) An amount of US$233,492 (2022: US$407,778) relating to Executive Directors' salaries was re-charged to WorldAce Investments Limited.

(d) An amount of US$70,048 (2022: US$122,333) relating to Executive Directors' salaries was re-charged to Russian BD Holdings B.V.

7. Operating loss

	Note	2023	2022
Operating loss is stated after charging/(crediting):		**US$**	**US$**
Included in cost of sales			
Short term lease rentals - equipment		-	-
Included in administrative expenses			
Foreign exchange (gains)/losses-trade		(7,960)	-
Foreign exchange (gains)/ losses- Assets held for sale		(311,346)	-
Depreciation of property, plant, and equipment			
Included in cost of sales		-	-
Included in administrative expenses		-	-
		(319,306)	-
Auditors' remuneration - Company			
-audit of entity financial statements		(45,000)	45,000
-audit of group financial statements		(126,194)	126,194
		(171,194)	171,194

8. Finance income

	2023	2022
	US$	**US$**
Interest receivable -Russian BD Holdings B.V.	-	41,842
Interest receivable- WorldAce Investment Ltd.	5,084,623	3,638,736
	5,084,623	**3,680,578**
Total interest income on financial assets	**5,084,623**	**3,680,578**

9. Finance costs

	2023	2022
	US$	**US$**
Interest on loans	651,253	709,482
	651,253	**709,482**
In respect of liabilities not at fair value through Profit and Loss	**-**	**-**
Total interest expense on financial liabilities	**651,253**	**709,482**

10. Income Tax

Company	2023 US$	2022 US$
Current income tax		
Current income tax charge	-	35,210
Total current income tax	**-**	**35,210**
Deferred tax		
Relating to the origination and reversal of temporary differences	(6,980,112)	872,554
Total deferred tax	**(6,980,112)**	**907,764**
Income tax expense reported in the Company Income Statement	**(6,980,112)**	**907,764**

	2023 US$	2022 US$
Loss before income tax	**(1,766,071)**	(39,954,376)
Accounting loss multiplied by Irish standard rate of tax of 12.5%	(220,759)	(4,994,297)
Non-deductible expenses	38,918	4,605,461
Effect of higher tax rates on investment income	635,578	449,970
Tax deductible timing differences	(6,980,112)	907,764
Other	(453,737)	(61,134)
Taxable losses not utilised	-	-
Total tax expense reported in the Company Income Statement	**6,980,112**	**907,764**

Deferred tax

Company	2023 US$	2022 US$
Deferred income tax liability		
At 1 January	6,980,112	6,072,348
Expense for the year recognised in the income statement	1,271,155	872,554
Reversal deferred tax accruals	(8,251,267)	-
Profit and Loss charge /(gain) for Deferred tax	**(6,980,112)**	**872,554**
Translation adjustment	-	(6,511)
At 31 December	**-**	**6,980,112**

Deferred tax at 31 December relates to the following:	2023 US$	2022 US$
Deferred income tax liability		
Accrued interest income on intra-Group loans	-	6,980,112
	-	**6,980,112**

The Company has the following unutilised tax losses US$7,719,399 (2022:US$ 6,598,206). There is no certainty that the Company will generate future tax profits that will be available for offset against the unutilised tax losses.

Factors that may affect future tax charges:
The tax charge in future years will be affected by changes to the rates of Irish Corporation Tax. There is no current expectation that the tax rate of 12.5% in Ireland will change in the foreseeable future.

11. Property, Plant and Equipment

Company	**Property Plant and machinery US$**
Cost	
At 1 January 2022	32,066
At 1 January 2023	32,066
At 31 December 2023	32,066
Depreciation	
At 1 January 2022	32,066
Charge for the year	-
At 1 January 2023	**32,066**
Charge for the period	-
At 31 December 2023	**32,066**
Net book values	
At 31 December 2023	-
At 31 December 2023	-

12. Investment in Joint Venture and Subsidiaries

Company	**Investment in joint ventures US$**	**Investment in Subsidiaries US$**	**Total US$**
Cost			
At 1 January 2022	-	8,730,848	8,730,848
Investment in Russian BD Holding B.V.*		9,157,055	9,157,055
Impairment of financial assets**		(16,180,007)	(16,180,007)
Reclassified to current assets held for sale	-	(1,707,896)	(1,707,896)
At 1 January 2023	-	-	-
Investment in Russian BD Holdings B.V.	-	-	-
Impairment of financial assets	-	-	-
Reclassified to current assets held for sale	-	-	-
At 31 December 2023	-	-	-
Net book values			
At 31 December 2023	-	-	-
At 31 December 2022	-	-	-

12. Investment in Joint Venture and Subsidiaries (continued)

*****The increase in Investment in Russian BD Holdings B.V., arose as to the transfer of loans receivable by PetroNeft in the sum of US$8,593,199 and receivables from recharge of recoverable CSMA costs of US$563,856, totalling US$9,157,055.
****** The investment in the subsidiary net of amount reclassified to current assets held for sale is subsequently impaired at 100% level.

Details of the Company's holding in direct and indirect subsidiaries at 31st December 2023 are as follows:

Name of subsidiary	Registered office	Proportion of ownership interest	Proportion of voting power held	Principal activity
Granite Construction LLC	13 Sovpartshkolny Lane, Office 210, Tomsk 634009, Russia	100%	100%	Construction
Dolomite LLC	13 Sovpartshkolny Lane, Office 210, Tomsk 634009, Russia	100%	100%	Oil and gas exploration
Russian BD Holdings B.V.	Prins Bernhardplein 200, 1097 JB, Amsterdam, the Netherlands	90%	90%	Holding Company
Lineynoye LLC	13 Sovpartshkolny Lane, Office 210, Tomsk 634009, Russia	90%	90%	Oil and gas exploration

Details of the Group's interest in joint ventures at 31st December 2023 are as follows:

Name of entity	Registered office	Proportion of ownership interest	Proportion of voting power held	Principal activity
WorldAce Investments Limited*	3 Themistocles Street, Nicosia, Cyprus	50%	50%	Holding Company
Stimul-T LLC	13 Sovpartshkolny Lane, Office 210, Tomsk 634009, Russia	50%	50%	Oil and gas exploration

*Oil India International B.V. owns the other 50% of WorldAce Investments Limited.

13. Financial assets - loans and receivables

Company	2023	2022
	US$	US$
Loans to WorldAce Investments Limited	77,559,881	72,475,258
Loss Allowance	(3,109,501)	(3,109,501)
Less: share of WorldAce Investments Limited loss	(45,041,703)	(45,041,703)
Less: Impairment Provision	(29,408,680)	(24,324,057)
	-	-
Loans to Russian BD Holdings B.V.	-	8,593,199
Less Transfer to Investments in Subsidiaries	-	(8,593,199)
	-	-
Total Company Loans to Joint Venture and Subsidiary	-	-

The Company has granted a loan facility to its joint venture undertaking WorldAce Investments Limited of up to US$45 million. This loan facility is US$ denominated and unsecured. Interest currently accrues on the loan at USD LIBOR plus 6.0%. The loan was set to mature on 31 December 2025. As at 31 December 2022 the loan was fully drawn down. The realisation of the financial assets in respect of WorldAce was dependent on the continued successful development of economic reserves which is subject to several uncertainties including the ability to raise finance, future rates of oil production and future international oil prices to continue to successfully generate revenue from the assets or the monetisation of the asset through a sale or farmout. The asset has been shut in due to the non-transhipment of oil on the Nord Imperial LLC pipeline. This occurred as a commercial and legal dispute arose between Stimul T LLC and Nord Imperial LLC as to tariff rates applicable which increasingly made the production of oil on L61 non-commercial. Post a protracted legal dispute, Stimul T LLC lost in the first instance and on 10 May 2023 Stimul T filed for voluntary bankruptcy. On 12 October 2023 at the Extraordinary General Meeting of PetroNeft, the shareholders voted by 88% for and 12 % against, to accept an offer of 1$(one dollar) for PetroNeft's equity interest in WorldAce Investment Limited from Pavel Tetyakov. Accordingly, any sums outstanding on loan facilities are considered fully impaired.

For FY 2023, the interest on the WorldAce loans in the sum of US$5,084,623 has been fully impaired.

In March 2021, the Company increased its equity holding in Licence 67 from 50% to 90%. The shareholders of Russian BD Holdings B.V. (RBD) passed a resolution, effective as of 9 February 2022, to convert all loan balances and payables owing to them, at that time into the share premium account as part of equity of Russian BD Holdings B.V. This increased the value of the Investment in Subsidiaries at PetroNeft Company level. As no financial assets loan facilities, at Company level, attributable to Russian BD Holdings B.V., were outstanding as of 31 December 2023 or 31 December 2022 no impairment provision was recorded against the loans outstanding at the respective reporting date.

14. Trade and other receivables

Company	2023	2022
	US$	US$
VAT Receivable	25,388	69,329
Prepayments	6,887	25,154
	32,275	**94,483**

15. Cash and Cash Equivalents

Company	2023	2022
	US$	US$
Cash at bank	8,420	66,240
	8,420	**66,240**

Bank deposits earn interest at floating rates based on daily deposit rates. Short-term deposits when practicable, are made for varying periods of between one day and one month depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates.

16. Assets associated with Assets held for sale

Group & Company

	US$
Oil and gas properties	5,343,036
Property plant and Equipment	108,384
Exploration and evaluation assets	9,826,019
Assets under construction	1,959,644
Intangible Assets	3,827,838
Inventories	102,438
Trade and other receivables	85,380
	21,252,739
Impairment of Assets held for Sale	(17,446,534)
Assets Held for Sale	3,806,205
Provisions	283,958
Trade and other payables	1,595,591
Liabilities held for Sale	1,879,550
Assets Held for Sale -Net of Liabilities	1,926,656
Less:	
Belgrave Naftogas B.V. (Minority Shareholder)	(218,760)
Assets associated with Assets held for sale 31 December 2022	**1,707,896**
Foreign exchange gains/ (losses)	(311.346)
Assets associated with Assets held for sale 31 December 2023	**1,396,550**

On 25 November 2022, the Company announced a strategic review of its business operations as it was facing increasing challenges due to the continued Ukrainian Russian conflict and the consequent international sanctions directed at leading Russian financial institutions and in particular, the Oil and Gas sector. The difficulties in financing the drilling of development wells at the Cheremshanskoye field combined with the challenges in retaining professional service companies was more evidence of these significant operational challenges. Matters were compounded by the inability to secure any resolution to the Nord Imperial LLC tariff dispute, which ultimately led to Stimul T LLC, the owner of Licence 61 filing for bankruptcy administration on 10 May 2023. The strategic review which included all stakeholders, would eventually lead to Heads of

Terms agreed with Pavel Tetyakov for the sale of PetroNeft's key assets. The disposal includes the sale of PetroNeft's 100% indirect shareholdings in both Lineynoye LLC, the holder of Licence 67, and Granite Construction LLC, the provider of well maintenance services. While Stimul T LLC is in bankruptcy administration, Pavel Tetyakov has agreed to acquire PetroNeft's 50% equity interest in the joint venture arrangement with Oil India International B.V., the Cypriot registered WorldAce Investment Limited and parent of Stimul T LLC.

PetroNeft's remaining Russian legal entity, Dolomite LLC, given it has remained dormant for a number of years will also seek voluntary bankruptcy administration.

17. Share Capital - Group and Company

	2023	2021
	€	€
Authorised Share Capital		
1,250,000,000 Ordinary Shares of €0.01 each	12,500,000	12,500,000
	12,500,000	12,500,000

Allotted, called up and fully paid equity	Number of Ordinary Shares	Called up share capital US$
At 1 January 2022	1,071,792,613	13,661,466
Issued during the year	-	-
At 1 January 2023	1,071,792,613	13,661,466
Issued during the year	-	-
At 31 December 2023	1,071,792,613	13,661,466

18. Loans and Borrowings

Company	Effective interest rate %	Contractual maturity date	Company 2023 US$	Company 2022 US$
Interest-bearing				
Current liabilities				
Petrogrand AB	10.59%	15-Mar-23	2,822,218	2,494,021
Belgrave Naftogas B.V.	8.1%	04-Mar-24	1,138,425	-
Natlata Partner Limited	10.14%	31-Mar-23	284,837	258,418
ADM Consulting	10.16%	31-Mar-23	204,374	185,519
Daria Shaftelskaya	10.13%	31-Mar-23	121,843	110,530
Michael Murphy	10.14%	31-Mar-23	25,541	23,184
David Sturt	10.14%	31-Mar-23	25,534	23,177
Natlata Partners Limited	8.1%	11-Mar-23	177,386	159,592
ADM Consulting	8.1%	11-Mar-23	177,773	160,344
David Sturt	8.1%	11-Mar-23	97,598	88,073
Karl Johnson	8.1%	11-Mar-23	192,882	65,688
Pavel Tetyakov	8.1%	11-Mar-23	38,393	34,646
Others	8.1%	11-Mar-23	633,798	367,842
			5,940,602	**3,971,394**
Derivative financial liabilities	8.1%	11-Mar-23	-	313,168
Total current loans			**5,940,602**	**4,284,562**
Non- Current Liabilities				
Belgrave Naftogas B.V.	8.10%	04-Mar-24	-	1,004,787
Total non-current loans			**-**	**1,004,787**
Total loans and borrowings			**5,940,602**	**5,289,349**
Contractual undiscounted liability			**5,940,602**	**5,289,349**

Changes in financial liabilities arising from financing activities	Company 2023 US$	Company 2022 US$
At 1 January	**5,289,349**	**4,808,147**
Accrued Interest	651,253	729,681
	5,940,602	**5,537,828**
Translation Reserve	-	(424)
At period end	**5,940,602**	**5,289,349**

Notes to the Financial Statements

For the year ended 31 December 2023

Loan facilities.

1. In 2018 the Company obtained a US$2M secured loan facility and subsequently increased by US$0.5M in 2019 from Petrogrand AB. The security attaches to any of the assets of PetroNeft Resources plc. An asset being defined as any present or future assets, revenues, and rights of every description. The security is for any obligation for the repayment of monies owed to Petrogrand AB, be it present, or future, actual or contingent. Post repayment of 20% of the revised loan balance including rolled up interest as of 31 December 2021, it was agreed the final maturity date would be 15th December 2022, which was subsequently extended by mutual agreement to 15 March 2023. On 30 June 2023, PetroNeft announced subject to receipt of funds from the anticipated sale of PetroNeft's Russian assets that it had secured from Petrogrand AB, for full and final settlement, concessions of 70% on the principal outstanding and 100% on the accrued interest. Expected cash outgoing was estimated at $0.69M, which would be subject to revision depending on the Russian withholding tax, if any plus the then prevailing rouble/ dollar exchange rate. In addition, it was agreed that on payment of the final agreed amount, there would be an automatic cancellation of any and all securities held by Petrogrand AB. Given by virtue of Maxim Korobov, until 17th January 2020 a director of PetroNeft, and being a majority shareholder of Petrogrand, in excess of 50%, plus a significant shareholder in PetroNeft controlling 25.7% of its issued equity, it is reported that Petrogrand AB is a related party. For details of transactions between PetroNeft and Petrogrand AB, see Note 35 Related party disclosures.

2. Post conversion of the 65% loan principal attributable to the 2019 convertible loan facility, the final revised maturity date was extended to 31 December 2022 and subsequently to the 31 March 2023. On 5 September 2023, PetroNeft announced subject to receipt of funds from the anticipated sale of PetroNeft's Russian assets that it had secured from 2019 Convert Loan Holders, for full and final settlement, concessions of 90% on the principal outstanding and 100% on the accrued interest. Expected cash outgoing is estimated at $0.045M, which would be subject to revision depending on the Russian withholding tax, if any plus the then prevailing rouble/ dollar exchange rate.

3. The consideration for the acquisition of a further 40% equity in Russian BD Holding included both the issuance of shares in PetroNeft and a convertible loan facility of US$1.7M, with the holder of the loan retaining an option to convert 50% of the loan amount at 0.02p stg per share. During 2021 the holder of the loan Belgrave Naftogas B.V., made an election to convert their full entitlement, equating to US$0.85M. The remaining balance which carried a bank of England base rate plus 8% matures on 4 March 2024. On 5 September 2023, PetroNeft announced subject to receipt of funds from the anticipated sale of PetroNeft's Russian assets that it had secured from Belgrave Naftogas B.V, for full and final settlement, concessions of 90% on the principal outstanding and 100% on the accrued interest. Expected cash outgoing was estimated at $0.085M, which would be subject to revision depending on the Russian withholding tax, if any plus the then prevailing rouble/ dollar exchange rate.

4. During 2021 PetroNeft entered a convertible loan facility of US$2.9M with a group of thirteen lenders, seven of which are related parties. Net cash proceeds received was US$2.245M, the balance of US$0.65M, discharged salaries and fees owing to directors and senior managers. The convertible loan, has a final maturity date of 11 March 2023, carries an interest rate of bank of England base rate plus 8%. The holders of the convertible debt are entitled to convert up to 75% of their loan amount into ordinary shares of PetroNeft at 0.02p stg within 1 year of signing the loan agreement and 0.025p stg within 2 years of signing. During 2021 a total of nine lenders made an election to convert, their full conversion amount. The principal on the Convertible loan post conversion was reduced by an amount of US$1.85M. During 2022 and given the conversion period has elapsed the remaining 4 holders did not exercise their rights to convert their loan receivable amounts to equity in PetroNeft. On 5 September 2023, PetroNeft announced subject to receipt of funds from the anticipated sale of PetroNeft's Russian assets that it had secured from the 2021 Convertible debt holders, for full and final settlement, concessions of 90% on the principal outstanding and 100% on the accrued interest. Expected cash outgoing is estimated at $0.103M, which would be subject to revision depending on the Russian withholding tax, if any plus the then prevailing rouble/ dollar exchange rate.

19. Trade and other payables

Company	2023 US$	2022 US$
Trade payables	291,301	235,409
Director Expenses	1,865	1,086
Corporation tax	55,232	55,232
Other taxes and social welfare costs	34,506	44,305
Accruals and other payables	1,880.717	1,244,143
	2,263,619	**1,580,175**

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

Trade and other payables are non-interest-bearing and are normally settled on 60-day terms.

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

20. Financial risk management objectives and policies

The Company's principal financial instruments comprise loans to its joint venture undertaking, cash and cash equivalents and interest-bearing loans and borrowings. The main purpose of these financial instruments is to provide finance for the Company's operations.

The main risks arising from the Company's financial instruments are foreign currency risk, credit risk, climate risk, liquidity risk, interest rate risk and capital risk as augmented by the international sanctions imposed on Russia arising from the conflict with Ukraine. The Board reviews and agrees policies for managing each of these risks which are summarised below.

Foreign currency risk
The Company undertake certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward exchange contracts where appropriate.

At 31 December 2023 and 2022, the Company had no outstanding forward exchange contracts.

The Company's principal currency exposures arise in the currencies of Russian Rouble, Euro, UK Sterling, and US Dollar. The Company has an exposure to US Dollars because the functional currency of its Russian subsidiaries is Russian Roubles. A change in the US Dollar/Russian Rouble exchange rate will therefore result in a foreign exchange gain or loss on the US Dollar denominated balances in these subsidiaries. The Company has an exposure to Russian Rouble, Euro, and UK Sterling because the Company has trade and other receivables and payables denominated in these currencies.

Foreign currency sensitivity analysis
In accordance with IFRS 7, the impact of foreign currencies is determined based on the balances of financial assets and liabilities at 31 December 2023. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and largely results from payables and receivables and adjusts their translation at the year-end for a 5% change in foreign currency rates.

If the US Dollar had gained/lost 5% against all currencies significant to the Company at 31 December, the impact on loss and equity for the Company is shown below.

20. Financial risk management objectives and policies (continued)

Company	Change in USD/RUB	Effect on profit before tax	Effect on pre-tax equity	Change in USD/EUR	Effect on profit before tax	Effect on pre-tax equity	Change in USD/GBP	Effect on profit before tax	Effect on pre-tax equity
		US$	US$		US$	US$		US$	US$
2023	5%	-123,393	-123,393	5%	-91,293	-91,293	5%	5,028	5,028
2023	-5%	136,382	136,382	-5%	-12,779	-12,779	-5%	-5,557	-5,557
2022	5%	-13,282	-13,282	5%	40,620	40,620	5%	5,890	5,890
2022	-5%	14,680	14,680	-5%	23,209	23,209	-5%	3,722	3,722

Credit risk

Credit risk arises from contractual cash flows of debt instruments carried at amortised cost, cash and cash equivalents, deposits with banks, as well as credit exposures to customers, including outstanding receivables from joint ventures.

Climate Risk

The risks associated with climate change are subject to rapidly increasing societal, regulatory, and political focus. Embedded climate risk into the Company's risk framework in line with regulatory expectations and adapting the Company's operations and business strategy to address both the financial risks resulting from: (i) the physical risk of climate change (ii) the risk of a transition to a low carbon economy, could have a significant impact on the Company's operations. Physical risks from climate change arise from several factors and relate to specific weather events and longer-term shifts in the climate. The nature and timing of extreme weather events are uncertain, but they are increasing in frequency and their impact on the global economy is predicted to be more acute in the future. The potential impact on economies includes, but is not limited to, lower GDP growth, higher unemployment, and significant changes in asset prices and profitability of industries. Damage to properties and operations of PetroNeft's subsidiaries and joint venture could lead to increased write offs and impairment charges in the Company's financial statements.

As the economy transitions to a low carbon economy, Oil and Gas operations such as the Company may face significant and rapid developments in stakeholder expectation, policy, law, and regulation which could impact activities the Company undertakes, as well as the risks associated with its loan recoverability from its joint venture operations and impact adversely the Group's financial assets.

As sentiment toward climate change shifts and societal preferences change, the Company may face greater scrutiny of the type of business it conducts, adverse media coverage and reputational damage, which may in turn impact demand for the Company's products, returns on certain business activities and the value of certain assets and trading positions resulting in impairment charges. If the Company does not adequately embed risk associated with climate change into its risk framework to appropriately, measure, manage and disclose the various financial and operational risks it faces because of climate change, or fails to adapt its business model and business strategy to the changing regulatory requirement and market expectations on a timely basis, it may have a material and adverse on the Company's level of business growth, competitiveness, profitability, capital requirements, cost of funding and financial condition.

20. Financial risk management objectives and policies (continued)

Risk management
Credit risk is managed on a Company basis according to established policies, procedures, and controls. Credit quality is assessed in line with credit rating criteria and credit limits are established where appropriate.

The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Management assesses the credit quality of the customer, considering its financial position, experience, and other factors. As the Company does not have any trade receivables outstanding from third parties, this risk is minimal. Recoverability of amounts due from joint venture companies were dependent on the success of the joint ventures.

The Company do not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics except for the loans and trade and other receivables from its joint venture WorldAce Investment Limited and PetroNeft's subsidiary Russian BD Holding B.V. The Company define counterparties as having similar characteristics if they are connected entities.

(ii) Impairment of financial assets
The Company has the following types of financial assets that are subject to the expected credit loss model:

- Trade Receivables – Qualify for the simplified model provided they are trade receivables and do not contain a significant financing component.
- Intra-Group Loans – General Impairment Model applies.
- Cash and cash equivalents

Trade Receivables
Within the Company, a provision matrix has been developed to measure the expected credit loss on trade receivables. Trade receivables are grouped by aging of receivable and by type (receivable from related parties and receivables from third parties). This grouping is based on management judgement of the risk characteristics and is based on internal sub-groupings.

The Company has determined the historical period of 36 months prior to date at which the expected credit loss is measured to determine historical loss data. For receivables from related parties, it has been determined that over the historical period there has been a zero percent loss rate. Notwithstanding the fact that some of these trade receivables may go substantially past due, these amounts are managed on a Company basis by the ultimate controlling party and as such loss had been recorded or is expected on these amounts in normal trading environment.

However, in the current abnormal geopolitical climate and noting the significant adverse consequences of international sanctions imposed on the Company and noting the sales terms of the disposal agreements with Pavel Tetyakov, full impairment provision has been recognised against such loans.

Intra-Group Loans
PetroNeft has granted loans to its joint ventures and subsidiaries over the years. The largest portion of these intra-Group loans is to WorldAce Investments Limited, bears interest at USD LIBOR plus 6.0% and have a maturity date of 31 December 2025. Further ECL of US$5,084,623 (2022:US$19,382,427), have been estimated for 2023, given the shareholders of PetroNeft, at the Company's Extraordinary General Meeting, held on 12 October 2023, agreed to the sale of PetroNeft's equity interest in WorldAce Investments Limited (W.I.L). for $1 USD (one dollar). The loan to WorldAce Investment Limited was to be reimbursed out of the sale or farm in, to its Oil interest, Licence 61 held by Stimul -T LLC, it being a subsidiary of WorldAce Investment Limited. Stimul-T LLC has been in bankruptcy administration since first announced by PetroNeft on 11 May 2023, given the lack of a resolution to a commercial dispute between it and Nord Imperial LLC, the transhipment company for oil from Licence 61.

20. Financial risk management objectives and policies (continued)

When measuring ECL the Company uses reasonable and supportable forward-looking information incorporated in the financial model to estimate the ECL. The model encompasses multiple scenarios which outcomes are multiplied by estimated probability factors. The ECL is the sum of probability weighted scenarios.

The forward-looking information, including macroeconomic factors (such as consumer price index, oil prices, interest rates exchange rates, known commercial arrangements), is based on assumptions for the future movement of different economic drivers relevant to the Company's business and how these drivers will affect each other. The probability factors are based on management's estimate of the likelihood of different scenarios.

A summary of the assumptions underpinning the Company's expected credit loss model is as follows*:*

Category	**Company definition of category**	**Basis for recognition of expected credit loss provision**	**Basis for calculation of interest revenue**
Performing	Counterparties have a minimal risk of default and a strong capacity to meet contractual cash flows	Stage 1: 12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.	Gross carrying amount
Underperforming	Counterparties for which there is a significant increase in credit risk as significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due (see above in more detail)	Stage 2: Lifetime expected losses	Gross carrying amount
Non-performing	Interest and/or principal repayments are 90 days past due	Stage 3: Lifetime expected losses	Amortised cost carrying amount (net of credit allowance)
Write-off	Interest and/or principal repayments are 180 days past due and there is no reasonable expectation of recovery.	Asset is written off	None

20. Financial risk management objectives and policies (continued)

The Company's exposure to credit risk and the credit quality of its financial assets is presented below:

2023 Company	Internal credit rating	External credit rating	Gross carrying amount. US$	ECL US$	Accumulated joint venture losses. US$	Loss allowance US$	Net carrying amount. US$
Loans to subsidiary Russian BD Holdings B.V.	N/A	N/A	-	-	-	-	-
Loans to joint venture WorldAce	N/A	N/A	77,559,881	(29,408,680)	(45,041,703)	(3,109,501)	-

The shareholders of Russian BD Holdings B.V. passed a resolution, effective as of 9 February 2022, to convert all loan balances and payables owing to them, into the equity of Russian BD Holdings B.V. From a PetroNeft Company perspective the loans owing from Russian BD Holdings, in the sum of US$8,593,199 (Note 13) was reclassified to Financial Assets Investment in Subsidiary, which was subsequently impaired post confirmation of agreed sale by the members of PetroNeft at its Extraordinary General Meeting on 12 October 2023 to Pavel Tetyakov, of its 100% interest in Lineynoye LLC, the holder of Licence 67.

Cash and cash equivalents
The total amount of US$8,420 are cash held in banks. Credit losses are expected to have an immaterial effect on cash and cash equivalents.

Liquidity risk management

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations associated with their financial liabilities. Ultimate responsibility for liquidity risk management rests with the Board of Directors, who manage liquidity risk and short, medium, and long-term funding and liquidity management requirements by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Cash forecasts are regularly produced to identify the liquidity requirements of the Company. Historically the Company have relied on shareholder funding, loan facilities and normal trade credit to finance its operations.

However given the international sanctions in operation, the Company is relying on the renegotiates with loan holders, full and final settlement amounts, with trade creditors agreed full and final settlement amounts and with other payables on an agreed item by item basis, as influenced by a) the expected operating costs for filing and compliance obligations in light of prevailing reporting and statutory requirements and b)expected current and future cash holdings in light of the fact that the only funding available to the Company to meet these future operating overhead, is that of the transaction proceeds from disposing of the Russian assets. Such transaction proceeds, itself is subject to both adverse tax rates in Russia and adverse currency exchange rate movements.

As at 31 December 2023, the Company have outstanding loan facilities and payables as described in Notes 18 and 19 above.

The expected maturity of the Company's third-party financial assets (excluding prepayments) is 7 days after receipt of proceeds from the sale of the Company's Russian assets.

20. Financial risk management objectives and policies (continued)

The Group and the Company had no derivative financial instruments as of 31 December 2023 and 2022.

The tables below show the projected contractual undiscounted total cash outflows arising from the Company's trade and other payables and gross debt based on reported amounts in the Statement of Financial Position. The tables include full and final agreed payments to third party debt holders.

Company	***Within 1 year***	***Between 1 and 2 years***	***Between 2 to 5 years***	***After 5 years***	***Total***
Year ended 31 December 2023	**US$**	**US$**	**US$**	**US$**	**US$**
Interest-bearing loans and borrowings					
- current	922,838	-	-	-	922,838
Trade and other payables	473,712	-	-	-	473,712
	1,396,550	**-**	**-**	**-**	**1,396,550**
Year ended 31 December 2022					
Interest-bearing loans and borrowings					
- current	922,838	-	-	-	922,838
Trade and other payables	785,058	-	-	-	785,058
	1,707,896	**-**	**-**	**-**	**1,707,896**

Interest rate risk

The Group and Company's exposure to the risk of changes in market interest rates relates primarily to the Company's loans to joint ventures which are tied to the LIBOR interest rate, and their holdings of cash and short-term deposits which are on variable rates ranging from 0.1% to 0.5%.

Financial instrument	**Fixed %**	**Variable %**
Interest-bearing loans to joint venture-WorldAce Investments Ltd	6.0%	US$ LIBOR

It is the Group and Company's policy, as part of its disciplined management of the budgetary process, to place surplus funds on short-term deposit to maximise interest earned.

Capital risk management.

The Company can only manage its capital on a not for going concern basis. This conclusion is arrived at given post drafting and confirmation of future cashflows as influenced by the expected only source of funds available to the Company, being the transaction receipts post disposal of the Russian assets. The only rational and reasonable alternative to the Board, is to manage the Company through a liquidated wind down or keep the Company in existence as a non-trading legal entity. The Company manages their capital structure and adjust it considering the significant adverse changes in economic conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2023 and 2022. The capital structure of the Group and the Company consists of equity attributable to equity holders of the Parent, comprising issued capital, reserves and retained losses as disclosed in the Company Statement of Changes in Equity as well as external debt.

20. Financial risk management objectives and policies (*continued*)

Fair values
The carrying amount of the Company's financial assets and the financial liabilities is a reasonable approximation of the fair value.

Interest rate risk

Given the sale terms for PetroNeft's equity interest in WorldAce Investment Limited to Pavel Tetyakov, the carrying value of the loans to WorldAce in the Company is US$Nil, which approximates to the fair value.

The carrying value of the loans to Russian BD Holdings B.V. in the Company is US$Nil million, given on 9 February 2022, both shareholders in Russian BD Holdings B.V., elected to treat financial assets loans receivable as equity through an increase in the share premium account of Russian BD Holdings B.V.

The fair value of the Company's financial liabilities at the respective reporting dates in the Statement of Financial Position, is included at the amount at which the instrument could be exchanged in a transaction between willing parties, as evidenced by original contracts, pre renegotiated settlement amounts based on full and final settlement, expected after receipt of the transaction proceeds, which occurred in July 2024.

Hedging
At the year ended 31 December 2023 and 2022, the Group had no outstanding contracts designated as hedges.

Offsetting of financial assets and liabilities
No financial assets and liabilities were offset in the balance sheet as of 31 December 2023 and 2022.

21. Parent Company Accounts

Given the Board is of the opinion the basis of preparation of the Financial Statements and Annual Report of PetroNeft Resources plc for FY 2023, is that other than that of going concern, a truer and fairer representation of the Company and its near-term prospects are contained within such standalone financial reports.

22. Future minimum rentals payable under short term leases at the balance sheet date are as follows:

	2023 US$	2022 US$
Property, plant and equipment		
Within one year	-	-
	-	-

There were no capital commitments as of 31 December 2023 or 31 December 2022.

Notes to the Financial Statements

For the year ended 31 December 2023

23. Related party disclosures

Transactions with subsidiaries

The Company had the following transactions with its subsidiaries during the years ended 31 December 2023 and 2022.

As and from 1 March 2021, Russian BD Holdings B.V. was consolidated as PetroNeft increased its shareholding to 90% from 50%. For information purposes only the Company activity with Russian BD Holding B.V. for fiscal 2023 and 2022 is shown below.

Transactions with Russian BD Holdings B.V.

	2023 US$	2022 US$
At 1 January	-	9,122,462
Advanced during the year	-	43,489
Transactions during the year	211,761	204,006
Interest accrued in the year	-	49,515
Payments for services made during the year	-	(14,502)
Loss Allowance	(211,761)	(289,939)
Transfer to Investment in RBD Subsidiary	-	(9,157,055)
Translation adjustment	-	42,024
At 31 December	**-**	**-**
Balance at 31 December comprised of:		
Loans receivable	-	-
Trade and other receivables	-	-
	-	**-**

Transactions with Granite construction

	2023 US$	2022 US$
At 1 January	-	17,557
Loan repaid in the year	-	-
Loss Allowance	-	(45,756)
Translation adjustment	-	28,199
At 31 December	**-**	**-**

23. Related party disclosures (continued)

Transactions with joint venture partners.

PetroNeft had the following transactions with its joint venture partners in 2023 and 2022.

Transactions with JV Partner WorldAce Investment Limited for PTR Company

Company	2023 US$	2022 US$
At 1 January	-	66,697,829
Advanced during the year	-	159,749
Transactions during the year	399,760	655,660
Interest accrued in the year	5,084,623	3,589,220
Payments for services made during the year	-	(730,181)
Loss Allowance	(399,760)	(1,006,520)
Less Share of WorldAce Investment loss	-	(49,983,330)
Less Impairment of Financial Asset	(5,084,623)	(19,382,427)
At 31 December	**-**	**-**
Balance at 31 December comprised of:		
Loans receivable	77,559,881	72,475,258
Less Loss Allowance	(3,109,501)	(3,109,501)
	74,450,380	69,365,757
Less Share of WorldAce Investment loss	(45,041,703)	(45,041,703)
Less Impairment of Financial Asset	(29,408,680)	(24,324,057)
	-	-
Balance at 31 December comprised of:		
Loans receivable	-	-
Trade and other receivables	-	-
	-	-

Company remuneration of key management

Key management comprise the Directors, the Vice Presidents of Business Development and Operations of the Company, the consulting fees paid to JLC Advisors for legal services, and Tsarina Development Limited for finance and Company secretarial support across services provided to the holding Company.

Renumeration of key management	2023 US$	2022 US$
Compensation of key management	753,759	1,307,794
Contributions to defined contribution pension plan	42,375	77,632
At 31 December	**796,134**	**1,385,426**

23. Related party disclosures (*continued*)

The following amounts were owed by PetroNeft Company to existing key management, former management as at 31st December 2023 and 2022

Renumeration of key management	2023 US$	2022 US$
Renumeration, fees and expenses due to Directors who were in office during the year	1,325,100	817,943
Renumeration due to other key management	501,111	272,410
At 31 December	**1,812,643**	**1,097,010**

Transactions with Petrogrand AB

Petrogrand AB is a related party by virtue of Maxim Korobov, current beneficial owner of 25.7% equity in PetroNeft and a former director of PetroNeft who resigned as PetroNeft's Company Director on 17 January 2020. The loan facility is secured by way of a floating charge on the assets of the Company and carries an interest of US$ LIBOR plus 9%. The loan facility, as revised in quantum and cancellation of security charge held will be repaid out of the sale proceeds of Licence 67, through the sale of Lineynoye LLC to Pavel Tetyakov.

The following is the history of this transaction in the reporting periods:

Company	Petrogrand AB US$
Loans	
At 1 January 2022	**2,271,495**
Interest accrued in the year	248,642
Unwinding prior year loan modification	221,939
Loan interest repaid during the year	(248,055)
At 31 December 2022 (Note 18)	**2,494,021**
Interest accrued in the year	328,197
Unwinding prior year loan modification	-
Loan interest repaid in the year	-
At 31 December 2023 (Note 18)	**2,822,218**

Transactions with Belgrave Naftogas B.V.

Belgrave Naftogas B.V. is a related party by virtue of Alastair McBain, who resigned as non-executive Chairman PetroNeft on 21 October 2022, and former beneficial owner of 14.46% equity in PetroNeft. Mr. McBain initially was appointed non-executive director on 29 January 2021 and later non-executive chairman on 19 February 2021.

During FY 2021, PetroNeft funded the acquisition of the incremental 40% equity holding in Russian BD Holdings B.V., through the issuance of 80,000,000 PetroNeft ordinary shares to Belgrave Naftogas B.V., plus the seller provided PetroNeft a convertible loan facility equally to US1.7M at bank of England base rate plus 8%. The loan advanced carried an option to convert up to 50% of the loan facility into ordinary shares of PetroNeft at a price of GBP 0.02p per share. During 2021, lender exercised their conversion rights and converted 50% of the original loan advance. The following is the history of the above-mentioned transactions.

Notes to the Financial Statements

For the year ended 31 December 2023

23. Related party disclosures (continued)

Transactions with Belgrave Naftogas B.V and PetroNeft. Company- Loan to fund 40% acquisition	**2023 US$**	**2022 US$**
At 1 January	1,004,786	914,395
Advanced during the year	-	-
Interest accrued in year	133,638	90,391
At 31 December	**1,138,425**	**1,004,786**

Convertible Loan agreed in June 2019

PetroNeft entered a convertible loan facility of US$1.3M with a group of five investors in June 2019. All lenders listed below elected in April 2021 to exercise their 65% conversion rights on the original loan advances. In January 2022, the lenders agreed any loan principal balance outstanding may be converted at the rate of STG0.06p per Ordinary share of the Company. As of 31 December 2023, the balance owing to the related parties on the June 2019 funding was as follows:

Lender	**Amount provided. (US$)**	**Interest accrued and not yet paid. (US$)**	**Amount due 31 December 2023 (US$)**	**Relationship at time of transaction**
Natlata Partners LLP.	196,000	88,837	284,837	Ultimate beneficial owner is Maxim Korobov, former PetroNeft director
ADM FZE	140,000	64,374	204,374	Ultimate beneficial owner is Alastair McBain, former PetroNeft director and chairman
Daria Shaftelskaya	84,000	37,843	121,843	Substantial shareholder of PetroNeft and current director.
David Sturt	17,500	8,034	25,534	PetroNeft director, executive Chairman and shareholder

23. Related party disclosures (*continued*)

New Loan agreed in February 2021

PetroNeft entered a convertible loan facility of US$2.9M with a group of thirteen investors in February 2021. Of the thirteen lenders seven are related parties. Up to 75% of the loan may be converted into ordinary shares of PetroNeft at GBP 0.02p per share within 12 months of signing the loan agreement and 0.025p within 24 months of signing. The interest rate is the Bank of England base rate plus 8%. Of the seven lenders listed below, all except David Golder, former Chairman PetroNeft and Karl Johnson, previous vice president of Operations had elected to convert within the 2-year period from the anniversary of the loan. As of 31 December 2023, the balance owing to the related parties on the February 2021 funding was as follows:

Lender	Amount provided. (US$)	Interest accrued and not yet paid. (US$)	FVTPL (US$)	Amount due 31 December 2022 (US$)	Relationship at time of transaction
Natlata Partners LLP.	137,500	39,886		177,386	Ultimate beneficial owner is Maxim Korobov, former PetroNeft director
ADM FZE	137,455	40,318		177,773	Ultimate beneficial owner is Alastair McBain, former PetroNeft director and chairman
David Sturt	75,120	22,478		97,598	PetroNeft director, executive Chairman and shareholder
Pavel Tetyakov	29,552	8,841		38,393	PetroNeft Chief executive officer and shareholder
Karl Johnson	150,000	42,882	-	192,882	PetroNeft's former vice president of operations
Alken Kuanbay	15,946	4,426		20,372	PetroNeft finance director
David Golder	26,328	6,891	-	33,219	PetroNeft's former Chairman

24. Share-based payment

Share options.
The expense recognised for employee services during the year is US$NIL (2022: US$NIL).
The Company currently does not have a share-based payment scheme in operation, post expiration of the previous plan in 2019.

- At December 2022, share options remained outstanding in respect of options exercisable on the 2019 Convertible loan principal sums outstanding, exercisable at £0.06stg per share and
- In respect of the 4 participants in the 2021 Loan Convert who did not exercise during year 1 of the grant at £0.02stg, or during year 2 of the grant at £0.025stg per share. This option expired as of 12 March 2023.

Share Options outstanding	2023 US$	2022 US$
In Issue.	-	16,939,795
	-	**16,939,785**

25. Accounting policies up to 31 December 2023

There was no change in accounting policies applicable to the comparative period ended 31 December 2022, as the Company adheres to the latest accounting pronouncements and adhere to IFRS standards.

26. Important Events after the Balance Sheet Date

The onset of the Russian / Ukrainian conflict, which has led the global community to the imposition of substantial and penal sanctions on the Russian government and its officials. The sanctions led to prohibitions on doing business in any meaningful commercial way in Russia. These sanctions continued to evolve through 2024.

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On the 30 June 2023, the Company announced suspension of trading of its equities on both the A.I.M. and Euronext markets pending publication of its audited annual report for FY 2022. Dealings in the Company's ordinary shares was therefore suspended from 7.30 a.m. on Monday 3 July 2023 until such time as the Audited Accounts would have been duly published. The Audited Accounts were not published by 31 December 2023, and the Company's admission to AIM and Euronext Growth was cancelled as of 4 January 2024.

On the 29 May 2024, Computershare withdrew its services as Registrar to the Company.

On the 9 and 11 July 2024, the Company received into its Irish Bank Account monies for the sale of LIneynoye LLC. Accordingly, the sale of Lineynoye LLC was fully complete.

On the 2 August 2024, per the updated Share Certificate, provided by the Cypriot Registrar of Companies, Pavel Tetyakov replaced PetroNeft Resources plc as equity holder, in the joint venture WorldAce Investments Limited.

On the 4 August 2024, Allied Irish Bank plc, withdrew its banking services to PetroNeft Resources plc.

Computershare termination included the disablement of the ISIN within Euroclear Bank system and this process was finalised on 13 of September 2024. Computershare processed transactions through Euroclear bank up to that date and provided the Share Register to the Company on the 19 September 2024 which reflects the final position per Computershare on their records of the equity holders in PetroNeft as of 13 September 2024.

Through 30 September 2024, the Company discharged obligations owing to its Debt Holders, with the exceptions of monies owing to Pavel Tetyakov and Natlata Partners Limited and came to full and final settlement agreement terms with non-related third-party payables, with the exception of Computershare Services, the then share registrar on record.

27. Contingent Liability

	2023	2022
	US$	US$
	-	5,000,000
	-	**5,000,000**

28. Contingent Asset

As part of the sale of WorldAce Investment Limited and Granite LLC to Pavel Tetyakov, the Company secured an option to recover up to 10% of the amounts of any shareholder loans or CMSA overhead recharge balance assigned to Pavel Tetyakov and paid to him, as part of the sales process. Such options, for 12 months period, are expected to expire on 28 February 2025.

29. Approval of financial statements

The financial statements were approved, and authorised for issue, by the Board of Directors on December 2024.

Corporate Governance Code *(continued)*

Corporate Governance Code

The London Stock Exchange, new AIM Rules were published in March 2018. One of the key amendments is in respect of AIM Rule 26 (as set out in AIM Notice 50), which now requires AIM companies to state on their website which recognised corporate governance code they apply and how they have applied that code.

The Board of Directors of PetroNeft Resources Plc is committed, where practicable, to developing and applying exacting standards of corporate governance appropriate to the Company's size and stage of development. The Board of Directors seeks to apply the QCA Code, revised in April 2018 as devised by the Quoted Companies Alliance.

The Quoted Companies Alliance is the independent membership organisation that champions the interests of small to mid-size quoted companies. The QCA Code takes key elements of good governance and applies them in a manner which is workable for the diverse needs of growing companies.

A revised version of the QCA Code (the "Revised Code") was published in April 2018, based on the 'comply or explain' principle.

The QCA Code is constructed around ten broad principles (accompanied by an explanation of what these principles entail, under 'application') and a set of disclosures. The Code states what is appropriate arrangements for growing companies and asks companies to provide an explanation about how they are meeting the principles through the prescribed disclosures.

The principles set out on our website (http://petroneft.com/upload/iblock/06a/06a0d7603c177498ef08206cde0a0a80.pdf) explains how the Company where possible complies with the QCA guidelines .

Glossary

1P	Proved reserves according to SPE standards.
2P	Proved and probable reserves according to SPE standards.
3P	Proved, probable and possible reserves according to SPE standards.
C1	Russian reserves approximately equivalent to SPE standard 1P reserves.
C2	Russian reserves approximately equivalent to SPE probable reserves.
C1+C2	Russian reserves approximately equivalent to SPE standard 2P reserves.
AGM	Annual General Meeting.
AIM	Alternative Investment Market of the London Stock Exchange.
Arawak	Arawak Energy Russia B.V.
bbl.	Barrel.
Belgrave Naftogas	Belgrave Naftogas B.V., formerly called Arawak.
bfpd	Barrels of fluid per day.
boe	Barrel of oil equivalent.
bopd	Barrels of oil per day.
Company	PetroNeft Resources plc.
CPF	Central Processing Facility.
CSR	Corporate and Social Responsibility.
Custody Transfer Point	Facility/location at which custody of oil transfers to another operator.
Dolomite	LLC Dolomite, a 100% subsidiary of PetroNeft registered in the Russian Federation
DST	Drill stem test.
ESG	Environmental, Social & Governance
ESM	Enterprise Securities Market of the Irish Stock Exchange.
ESP	Electric Submersible Pump
Exploration resources	An undrilled prospect in an area of known hydrocarbons with unequivocal four-way dip closure at the reservoir horizon.
Granite Construction	LLC Granite Construction, a 100% subsidiary of PetroNeft registered in the Russian Federation
Group	The Company and its joint venture and subsidiary undertakings.
HSE	Health, Safety and Environment.
IAS	International Accounting Standard.
IFRIC	IFRS Interpretations Committee.
IFRS	International Financial Reporting Standard.
km	Kilometres.
km^2/ sq. km	Square kilometres.
Licence 61	The Exploration and Production Licence in the Tomsk Oblast, Russia owned by the joint venture Company WorldAce Investments Limited. It contains seven known oil fields, Lineynoye, Tungolskoye, West Lineynoye, Arbuzovskoye, Kondrashevskoye, Sibkrayevskoye and North Varyakhskoye and numerous Prospects and Leads that are currently being explored.
Licence 61 Farmout	An agreement whereby Oil India Limited subscribed for shares in WorldAce, the holding Company for Stimul-T, the entity which holds Licence 61 and all related assets and liabilities, and following, PetroNeft and Oil India Limited both hold 50% of the voting shares, and through the shareholders agreement, both parties have joint control of WorldAce with PetroNeft as operator.

GLOSSARY (continued)

Licence 67	The Exploration and Production Licence in the Tomsk Oblast, Russia owned by the subsidiary Company Russian BD Holdings B.V. It contains two oil fields, Ledovoye and Cheremshanskoye and several potential prospects.
Lineynoye	Limited Liability Company Lineynoye, a wholly owned subsidiary of Russian BD Holdings B.V., registered in the Russian Federation.
m	Metres.
mmbbls	Million barrels.
mmbo	Million barrels of oil.
mm tons	Million tons of oil
Natlata	Natlata Partners Limited, a significant shareholder of PetroNeft.
NPV10	Net Present Value discounted at 10%
Oil pay	A formation containing producible hydrocarbons.
P1	Proved reserves according to SPE standards.
P2	Probable reserves according to SPE standards.
P3	Possible reserves according to SPE standards.
Pmean	The average of the values in the probabilistic distribution between defined 'boundary conditions. Universally regarded as the best single value to quote or communicate for any uncertain distribution of outcomes involved in repeated trial investigations.
P10	The value on a probabilistic distribution which is exceeded by 10% of the outcomes.
P90	The value on a probabilistic distribution which is exceeded by 90% of the outcomes.
PetroNeft	PetroNeft Resources plc.
POD	Plan of Development
QCA	Corporate Governance Code for small and mid-size quoted companies 2018
Russian BD Holdings B.V.	Russian BD Holdings B.V., a Company owned 90% by PetroNeft and registered in the Netherlands.
SPE	Society of Petroleum Engineers.
Spud	To commence drilling a well.
Stimul-T	Limited Liability Company Stimul-T, a wholly owned subsidiary of WorldAce, based in the Russian Federation.
TSR	Total Shareholder Return.
VAT	Value Added Tax.
WAEP	Weighted Average Exercise Price.
WorldAce	WorldAce Investments Limited, a Company owned 50% by PetroNeft, registered in Cyprus.
WorldAce Group	WorldAce Investments Limited and its 100% subsidiary LLC Stimul-T

THE FOLLOWING PAGE IS REQUIRED, BUT SHOULD NOT BE INCLUDED IN THE ANNUAL REPORT