

## **Pennpetro Energy PLC**

("Pennpetro" or the "Company")

### **Results for the year ended 31 December 2021**

**London, 13 July 2022** - Pennpetro, an independent oil and gas company focusing on production in the Gonzales Oil Field in Texas, USA, today announces that it has published its Annual report and Financial Statements for the year ended 31 December 2021.

### **Chairman's Statement**

I am pleased to present the annual results for Pennpetro Energy PLC for the year ended 31 December 2021.

Since I wrote to you last year, during a period being the most difficult of times for businesses and families globally, events have moved somewhat forward, but we are still faced with a number of challenges and issues resulting from the times we have endured.

As outlined to you last year, as a business we dealt with the challenges brought about by the COVID-19 pandemic swiftly and humanely to not only ensure the wellbeing of our teams but also the retention of value for our shareholders.

As reported last year after selling oil commercially from our initial well in the Gonzales field, as the world went into lockdown, we suspended all operations and activities in line with the requests of the US Government and Texas State Legislators. We have now through our Houston team re-engaged with various professional firms seeking to bring into play our proposed 2nd and 3rd drilling projects.

With operations now being undertaken again, albeit in a more restricted manner, we sought to shape Pennpetro to emerge stronger and better positioned to accelerate its growth profile from these challenging times.

During the period we have undertaken to expand our operative horizons by agreeing to farm into the onshore Tunisian assets held by Upland Resources Limited. Tunisian operational activities will be under the direction of Andy Clifford the President of our subsidiary company Nobel Petroleum USA Inc., who will be contracted as the Operator. These activities will be conditional upon various approvals being granted by Tunisian authorities as to the licence area.

We also took the opportunity to expand our capital base by the placement of 1,166,667 new shares during March 2022 to raise an additional £350,000 in working capital, and also the appointment of Peterhouse Capital Limited as our corporate broker. The Board continues to seek accretive options for corporate development.

In addition, the Company, recognising the global impact of environmental concerns, has instigated due diligence with regard to expanding its experiences and core competencies within the fossil environment and petroleum drilling to specific green energy initiatives securitised with US intellectual property filings which are being expanded to select jurisdictions internationally.

We remain confident in our petroleum assets, our US and pending Tunisian operations, and the Board, to continue to build upon what has been a slightly less challenging year for the Group.

**Olof Rapp**

*Non-Executive Director, Chairman*

**Executive Director's Statement**

Pennpetro's intention is to become an active independent North American development production company with the ability to expand operationally internationally.

The key elements of Pennpetro's strategy for achieving this goal are:

- The creation of value through production development success and operational strengths, commencing with the Group's City of Gonzales Lease ("COGLA") assets.
- Focusing on commercialisation and monetisation of oil and gas discoveries, and potentially utilising cash flows from initial projects to fund the acquisition or development of future projects.
- Active asset portfolio management.
- Positioning the Company as a competent partner of choice to maximise opportunities and value throughout the E&P lifecycle.
- Asset acquisitions of producing hydrocarbons and suitable green energy technologies.

Our focus during the latter part of 2021 was to continue to develop our proven reserve base at our licences in Gonzales, which had been previously curtailed by Covid-19 and the ensuing pandemic conditions imposed across all of the United States.

According to the Group's Competent Person's Report ("CPR"), prepared in December 2017, Pennpetro had a Working Interest in 2,000 Mbbbl of oil and 1,000 MMcf of gas across its Gonzales leases. On 6 August 2019, Nobel has increased its working interest in the portfolio of petroleum interests from 75% to 100%, thereby its Working Interest is now over 4,000 MBBL of oil and 2,000 MMcf of gas resulting in a substantive uplift in our valuation metric.

The low oil price environment since mid-2014 presented the opportunity to acquire leases in our core areas of focus, most notably the prolific Austin Chalk and Eagleford Shale in South Texas. We have been able to add additional reserves from the Buda Formation from the drilling of an initial horizontal well, which as prior reported we have now completed with the operator having advised the Texas Railroad Commission, the local authority, that the well is designated as a discovery and commercial unit. Commercial quantities of test hydrocarbons have been sold from this well

As previously reported, as water from prior extensive flooding in the Buda oil formation would need to be pumped out in order to regain pressure and recommence hydrocarbon deliverability from the reservoir, it was decided that as the Buda operations had now achieved the important positive result of confirming that this reservoir was now drill confirmed to be oil active over the acreage and a confirmed secondary recovery reserve, the company's focus would revert to cleaning out and re-entering the Austin Chalk formation which we had drilled out to 3,300 feet horizontally and which had tested positive for both oil and gas recovery. The Austin Chalk formation was drilled out at approximately 7,200 feet sub- surface, whereas the Buda was intersected at 8,500 feet sub-surface.

This process would require that we case-off the lower Buda formation until needed to deplete in the future and initiate a work-over rig operation to re-enter and clean out the horizontally drilled formation leg to initiate hydrocarbon recovery from this proven oil interval. However, during the pandemic we continually reviewed our strategic opportunities and decided in line with the results delivered by some of our close petroleum drilling neighbours to benefit from their operational experiences and excellent results to move our focus to the drilling of our second horizontal well (COG#2-H) by way of a Pad (Production Platform). This would also allow us to drill out additional horizontal legs by way of extension into the differing Austin Chalk pathways at a much condensed expense. The same methodology would be utilised for our third horizontal well (COG#3-H).

As this operational technique was not available to us at the time for our initial well, COG#1-H, it is now timely to implement this enhanced drilling arrangement and then return to COG#1-H to recomplete the well into the prior drill proved production horizon, assessing the economics of the straight cleanout as currently envisaged, or amplify by utilising the Pad experiences for extending the lateral out to 5,000 foot as allowable under the initial RRC drilling authority and capture an additional 3 to 4 fractures which will impact the EUR.

The wells we have drilled and plan to drill are economic at oil prices sub US\$30/bbl; record production rates have been reported as the horizontal laterals are extended and the amount of pay in each well has increased; drilling and completion costs have been significantly reduced; and initial decline rates during the first 12-18 months of production are lower than those in other US plays. Over the last two years, we have taken advantage of depressed market conditions to increase our exposure to these areas.

West Texas Intermediate ("WTI") averaged US\$67.99/bbl during 2021, \$28.83 per barrel higher than in 2020. The value of WTI as at 23 June 2022 was US\$105.32/bbl. (source: Bloomberg Markets).

## **Operations**

In terms of our operations, prior to the onset of the pandemic restrictions, our focus had been on completing our initial horizontal well and organizing the permitting of our second targeted horizontal well (COG#2-H) situated to the north of COG#1-H. Our operator has filed formal completion certificates with the Texas Railroad Commission confirming that the COG#1-H well was being completed as a producer. As explained, our emphasis has now moved to the development and drilling of COG#2-H, and our prior stated activity pertaining to the COG#1-H Austin Chalk oil operations, will be held pending post the drilling of COG#2-H well into production. Once the process of water removal from the lower reservoirs of COG#1-H is completed - an operation which we have decided to complete with the lower formation being cased-off and to re-enter and take hydrocarbon production from the upper Austin Chalk, from which we initially took oil.

Financially, the Company used 2021 to further lay the foundations for future revenue generation.

Reduced economic activity related to the COVID-19 pandemic caused changes in energy demand and supply patterns in 2020 which aggressively changed late 2021 and will continue to affect these patterns in the future

During early 2020, the oil price was severely antagonised by the emergence of the Covid-19 world-wide pandemic, leading to the most unsettled oil environment for many years. However, during 2021 due to both the US shale industry being severely impacted by the oil price and re-emergence of a combined consensus at OPEC, there was been not only a re-emergence of price stability, but a very significant uplift in the oil price to - with many commentators predicting that this pricing trend will not only stabilise over the coming year, but further increase yet again to potentially challenge what we call US\$100+ oil. To this bullish scenario, it needs to be further understood that the Company's oil deliveries benefit from an approximately US\$5-\$7 pricing premium for local refiners as they need our slightly heavier oil to blend out with lighter oil for domestic delivery. With the advent of the Russian invasion of Ukraine in February 2022, the energy markets have been placed under extreme pressures with the price of both Brent and West Texas being constantly in the US\$120 zone.

In this stabilised oil price environment, Pennpetro has emerged from the oil vicissitudes as a low-cost, primarily asset-backed US onshore oil and gas business, with exciting international interests. Subject to oil prices, market conditions and sentiment, I remain confident that we can deliver our strategy by not only acquiring leases in active and producing US onshore plays and proving up the reserves by drilling new wells, but also by our new strategic acquisition focus on producing assets and directive into green energy initiatives.

To this we add our broad approach to engagement within the international sector by initially farming-into Tunisian assets which hold great promise in the wake of the ongoing energy deficiencies being experienced within the European energy environment and which seem destined to remain as such for the future. This arrangement is conditional upon certain approvals and extension of the license area being approved by the Tunisian authorities.

This platform is one that has, at its core, the active management of all types of risk associated with the oil and gas industry. Broadly speaking development risk is managed by focusing on proven formations; execution risk is managed by participating in drilling activities with solid experienced industry personnel, which we have in Houston who have an extensive history in South Texas petroleum activities, as well as our operations offsetting those of major industry players; individual well risk is managed by building a diversified portfolio of leases and wells; meanwhile oil price risk is managed by focusing on areas that

require relatively low oil prices to breakeven and ensuring our cost base, capital commitments and financing costs remain low, manageable and flexible.

Our domestic US asset acquisition strategies generally only targets producing assets and applying proven horizontal technologies to conventional reserves from a firm productive foundation. This initiative is being driven through our Houston technical office with a number of asset opportunities having been investigated, and now with the new era post Covid-19 upon us, we expect further new opportunities.

Pennpetro's Board currently comprises two Directors, who collectively have extensive international experience and a proven track record in investment, corporate finance and business acquisition, operation and development and are well placed to implement the Company's business objectives and strategy highly active plays. The appointment of Andy Clifford in April 2020, a highly seasoned and experienced oil professional as the President of the Company's operational subsidiary Nobel Petroleum USA, Inc., emphasises the Company's dedication to its forward development profile.

We believe the Company's Board and US management team is strong in terms of having the right mix of industry expertise covering all key areas of the business, including lease acquisition, geology, engineering, and finance.

During June 2021, the Company also concluded a three-year £20 Million shares subscription facility with the GEM Group, New York (a US\$3.4 billion alternative investment group), through their affiliates. The Company also agreed to issue 12,000,000 warrants exercisable at 40 pence each as part of this transaction.

## **Outlook**

In line with our strategy, all our operations are in highly active plays where the economics of drilling and producing remain attractive at sub-US\$30 oil prices. This highlights the success we have had in taking advantage of the prior industry downturn to accelerate the positioning of our South Texas leasehold position in favour of the Austin Chalk and

Eagleford Shale. With a strategic foothold in these prolific, low-cost plays established and a proven management team in place, we will look to further expand our position in this US onshore sweet spot, as and when management considers it most advantageous to do so.

For 2021, our main objectives were to exit the prior pandemic issues and to build upon the initiative that commenced with the completion of our initial well, COG#1-H, and to further acquire additional land leases and to progress the permitting and horizontal development of our second objective well. As explained, during the pandemic we reassessed our strategic drivers with the notion of how we were going to deliver our second and third horizontal wells with a greater technical focus. I look forward to providing updates on our progress in the year ahead.

Finally, I would like to thank the Board, management team and all our advisers for their hard work over the last twelve months and also to our shareholders for their continued support.

**Thomas Evans**

*Executive Director*

## **Operations Report**

### Summary

Nobel Petroleum USA, Inc., has operational teams on the ground working from its offices in the City of Gonzales. During the period, one new horizontal well in which the Group has an interest commenced completion activity. The Group was planning to initiate an encompassing 3D seismic survey in 2020 with Dawson Geophysical Company to complement its comprehensive well logs geological analysis, together with an enhanced programme of additional new petroleum leasing contiguous to the area, with proposed planning to provide a further number of permitted drilling locations by year end. However, the onset of COVID-19 curtailed these plans. Planning is now initiated for the drilling of the

Company's second horizontal well, COG#2-H, for reasons as explained in detail herein, with the side-track/re-entry to the oil-bearing Lower Austin Chalk formation in the Company's initial production well, COG #1-H, reserved for that operation post completion of COG#2-H.

In addition, the Company's recently formed corporate entity, Pennpetro USA Corp, Inc., through its highly regarded Houston based technical teams, has continued to examine a number of asset opportunities encompassing producing hydrocarbons with offsetting strategic leasehold interests capable of both additional infill and expansionary drilling locations, which has been amplified by the new era deigned by the global Covid-19 virus pandemic.

## SOUTH TEXAS

The Company, through its indirect wholly owned subsidiary, Nobel Petroleum USA, Inc., holds interests in acreage within active oil and gas plays within the County of Gonzales, State of Texas: The Austin Chalk, and Eagleford Shale horizontal development and vertical development of the Buda formation. Nobel Petroleum USA, Inc. has observed an increase in the value of its interests within its project acreage, due in part to uplifting its active equity interests and increased consolidation of its acreage positions, and the continued worldwide oil price escalations due to prevailing international concerns.

Of interest is the recent drilling being undertaken to the southern edge of the Nobel operational area by the Millennium Group, who have averaged over 400 bpd of oil.

## Austin Chalk

The play covers an extensive area with over a million acres yet to be developed and runs all the way from the Pearsale Field south of Gonzales to the giant Giddings Oil Field, the largest oilfield found in Texas in the past 50 years to the north of Gonzales, and further north onto the North Rayou Jack Field. Recently, this play has extended into western Louisiana with a number of major players including EOR Resources and Marathon

acquiring strong acreage positions. The Austin Chalk overlays the oil rich Eagleford Shale, with both formations capable of interacting with each other, and is a low permeability fractured reservoir that has been the target for horizontal drilling since the mid-1980s and consists of interbedded chinks, volcanic ash, and marls. It is located at drill depths from 7,000 to 8,000 feet. It can be a liquids-rich play, yielding high volumes of oil and condensate. Initial production rates can range over 1,000 bopd with ultimate reserves exceeding 500 MBO per well.

### Eagleford Shale

The Eagle Ford continues to prove itself as a world-class crude oil formation having produced in excess of 2.9 billion barrels of crude oil and condensate. This play is classified as a petroleum system in that it is a self-sourced reservoir with seals. Migration of Eagleford hydrocarbons was primarily along bedding planes during the expulsion phase. Absent of traps, hydrocarbons migrated up-dip or north where vertical natural fractures were encountered. These natural fractures were associated with the regional fault trends. Here, the hydrocarbons migrated into the extensively fractured Austin Chalk. Initial production rates with laterals can exceed 1,000 bopd.

### Buda Formation

The Buda is a biomicritic limestone lying below the Eagleford Shale and above the Del Rio Shale. There has been an increase in the focus on, and the development of, the Buda formation by a number of US operators in South Texas, with a number of horizontal wells having been completed. It is a development we are following closely.

As previously identified, while the Buda has always been acknowledged as a resource play in South Texas, it sits at the bottom of our drilling prognosis, as it can be drilled as a separate vertical completion and added to our overall horizontal programme. Furthermore, its unit spacing can be brought significantly down to 40 acres, thereby fulfilling a separate in-fill operation alongside our horizontal drilling focus.

## Financial Report

The financial results for the group for the year ended 31 December 2021 are presented below:

The financial results for the year ended 31 December 2021 show a loss after tax of US\$1,311,707 (2020: loss US\$1,046,512).

The majority of the cost contributing to the Group's loss for the year included legal and professional fees, loan arrangement fees, directors' emoluments and interest charges, which were in line with the Board's expectations.

The Group's borrowings at 31 December 2021 were US\$4,256,262 (2020: US\$3,727,995). In addition, as reported in the prior year, the repayment date for the loan facility with Petroquest Energy Limited was extended a further year to 31 December 2023.

The Group had cash balances at 31 December 2021 of US\$1,828 (2020: US\$1,329) and short-term investments of US\$34,914 (2020: US\$49,152). The year-on-year movement in cash and short-term investments was primarily a result of cash used in operating activities and development expenditure.

As at 31 December 2021, the Group had US\$878,000 (2020 US\$1.1m) still available to draw under its loan facility of US\$5m with Petroquest Energy Limited.

In addition, the Group had a receivables balance at 31 December 2021 of US\$309,456 (2020: US\$308,943).

Additions of US\$617 were capitalised in property, plant and equipment during 2021 on the Petroleum mineral leases. As at 31 December 2021, total property, plant and equipment held by the Group was US\$1,384,931 (2020: US\$1,384,314).



## **NOTES TO EDITORS**

Pennpetro Energy is an independent oil and gas company focusing on production in the Gonzales Oil Field in Texas, USA. Shares in the company were admitted to the Official List of the London Stock Exchange by way of a Standard Listing on 21 December 2017.

Further information on the Company can be found at [www.pennpetroenergy.co.uk](http://www.pennpetroenergy.co.uk)

## **IMPORTANT NOTICE - FORWARD-LOOKING STATEMENTS**

This announcement may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts and involve predictions. Forward-looking statements may and often do differ materially from actual results. In addition, even if results or developments are consistent with the forward-looking statements contained in this announcement, those results or developments may not be indicative of results or developments in subsequent periods. Any forward-looking statements reflect the Group's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group's business, results of operations, financial position, liquidity, prospects, growth or strategies and the industry in which it operates. Forward-looking statements speak only as of the date they are made and cannot be relied upon as a guide to future performance.

## **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 December 2021

	Year ended 31 December 2021	Year ended 31 December 2020
	US\$	US\$
<b>Continuing Operations</b>		
Revenue	-	66,798
Administrative expenses	(1,021,046)	(1,378,164)
<b>Operating Loss</b>	<b>(1,021,046)</b>	<b>(1,311,366)</b>
Finance income	-	2,058
Finance costs	(290,661)	262,796
<b>Loss before Tax</b>	<b>(1,311,707)</b>	<b>(1,046,512)</b>
Income tax	-	-
<b>Loss for the year attributable to owners of the parent</b>	<b>(1,311,707)</b>	<b>(1,046,512)</b>
<b>Other Comprehensive Income:</b>		
<b>Items that may be reclassified subsequently to profit or loss</b>		
Currency translation differences	(6,838)	79,008

<b>Other Comprehensive Income for the Year</b>	(6,838)	79,008
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<b>Total Comprehensive Income for the Year attributable to the owners of the parent</b>	<b>(1,318,545)</b>	<b>(967,504)</b>
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<b>Loss per share attributable to the owners of the parent during the year</b>		
Basic (cents per share)	(1.72)	(1.39)
Diluted (cents per share)	(1.72)	(1.39)
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## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	31 December 2021	31 December 2020
	US\$	US\$
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<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	1,384,931	1,384,314
Intangible assets	4,233,890	4,233,890
<b>Total Non-Current Assets</b>	<b>5,618,821</b>	<b>5,618,204</b>
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**Current Assets**

Trade and other receivables	309,456	308,943
Short term investments	34,914	49,152
Cash and cash equivalents	1,828	1,329
<b>Total Current Assets</b>	<b>346,198</b>	<b>359,424</b>

<b>TOTAL ASSETS</b>	<b>5,965,019</b>	<b>5,977,628</b>
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**EQUITY AND LIABILITIES****Equity Attributable to Owners of Parent**

Share capital	979,427	979,427
Share premium	4,121,700	4,121,700
Convertible reserve	6,021,575	6,021,575
Reorganisation reserve	(6,578,229)	(6,578,229)
Foreign exchange reserve	133,619	140,457
Share based payment reserve	-	838,909
Retained losses	(4,013,864)	(3,770,290)
<b>Total Equity</b>	<b>664,228</b>	<b>1,753,549</b>

**Current Liabilities**

Borrowings	4,256,262	3,727,995
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Trade and other payables	1,044,529	496,084
<b>Total Current Liabilities</b>	<b>5,300,791</b>	<b>4,224,079</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5,965,019</b>	<b>5,977,628</b>

## COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	<b>31 December 2021</b>	<b>31 December 2020</b>
	<b>US\$</b>	<b>US\$</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Investments in subsidiaries	7,038,631	7,104,824
Property, plant and equipment	-	-
<b>Total Non-Current Assets</b>	<b>7,038,631</b>	<b>7,104,824</b>
<b>Current Assets</b>		
Trade and other receivables	3,093,418	3,062,112
Short term investments	34,914	49,152

Cash and cash equivalents	-	-
<b>Total Current Assets</b>	<b>3,128,332</b>	<b>3,111,264</b>
<b>TOTAL ASSETS</b>	<b>10,166,963</b>	<b>10,216,088</b>

## **EQUITY AND LIABILITIES**

### **Equity Attributable to Shareholders**

Share capital	979,427	979,427
Share premium	4,121,700	4,121,700
Convertible reserve	6,021,575	6,021,575
Foreign exchange reserve	575,249	648,279
Share based payment reserve	-	838,909
Retained losses	(2,866,030)	(2,942,712)
<b>Total Equity</b>	<b>8,831,921</b>	<b>9,667,178</b>

### **Current Liabilities**

Trade and other payables	1,335,042	548,910
<b>Total Current Liabilities</b>	<b>1,335,042</b>	<b>548,910</b>

<b>TOTAL EQUITY AND LIABILITIES</b>	<b>10,166,963</b>	<b>10,216,088</b>
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*The Company has elected to take the exemption under Section 408 of the Companies Act 2006 from presenting the parent company Statement of Comprehensive Income. The loss for the parent company for the year was US\$991,451 (2020: US\$639,524).*

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

### Attributable to the owners of the parent

Group	Share Capital	Share Premium	Convertible Reserve	Reorganisation Reserve	Foreign Exchange Reserve	Share Based Payments Reserve	Retained Losses	Total Equity
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<b>Balance at 1 January 2020</b>	<b>926,711</b>	<b>1,538,636</b>	<b>6,021,575</b>	<b>(6,578,229)</b>	<b>61,449</b>	<b>438,641</b>	<b>(2,723,778)</b>	<b>(314,995)</b>
Loss for the year	-	-	-	-	-	-	(1,046,512)	(1,046,512)
Foreign currency translation differences	-	-	-	-	79,008	-	-	79,008
Total comprehensive loss for the year	-	-	-	-	79,008	-	(1,046,512)	(967,504)

Shares issued	52,716	2,583,064	-	-	-	-	-	2,635,780
Share based payments	-	-	-	-	-	400,268	-	400,268
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<b>Balance at 31</b>								
<b>December 2020</b>	<b>979,427</b>	<b>4,121,700</b>	<b>6,021,575</b>	<b>(6,578,229)</b>	<b>140,457</b>	<b>838,909</b>	<b>(3,770,290)</b>	<b>1,753,549</b>
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Loss for the year	-	-	-	-	-	-	(1,311,707)	(1,311,707)
Foreign currency translation differences	-	-	-	-	(6,838)	-	-	(6,838)
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Total comprehensive loss for the year	-	-	-	-	(6,838)	-	(1,311,707)	(1,318,545)
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Share based payments	-	-	-	-	-	229,224	-	229,224
Lapse of share options	-	-	-	-	-	(1,068,133)	1,068,133	-
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**Balance at 31**

<b>December 2021</b>	<b>979,427</b>	<b>4,121,700</b>	<b>6,021,575</b>	<b>(6,578,229)</b>	<b>133,619</b>	<b>-</b>	<b>(4,013,864)</b>	<b>644,228</b>
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**COMPANY STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2021

<b>Company</b>	<b>Share Capital</b>	<b>Share Premium</b>	<b>Convertible Reserve</b>	<b>Share Based Payments Reserve</b>	<b>Foreign Exchange Reserve</b>	<b>Retained Losses</b>	<b>Total Equity</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
<b>Balance at 1 January 2020</b>	<b>926,711</b>	<b>1,538,636</b>	<b>6,021,575</b>	<b>438,641</b>	<b>319,749</b>	<b>(2,303,188)</b>	<b>6,942,124</b>
Loss for the year	-	-	-	-	-	(639,524)	(639,524)
Other Comprehensive Income	-	-	-	-	328,530	-	328,530

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Total comprehensive loss for the Year	-	-	-	-	328,530	(639,524)	(310,994)
Shares issued	52,716	2,583,064	-	-	-	-	2,635,780
Share based payments	-	-	-	400,268	-	-	400,268
<b>Balance at 31 December 2020</b>	<b>979,427</b>	<b>4,121,700</b>	<b>6,021,575</b>	<b>838,909</b>	<b>648,279</b>	<b>(2,942,712)</b>	<b>9,667,178</b>
Loss for the year	-	-	-	-	-	(991,451)	(991,451)
Other Comprehensive Income	-	-	-	-	(73,030)	-	(73,030)
Total comprehensive loss for the Year	-	-	-	-	(73,030)	(991,451)	(1,064,481)
Share based payments	-	-	-	229,224	-	-	229,224

Lapse of share options	-	-	-	(1,068,133)	-	1,068,133	-
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**Balance at 31**

<b>December 2021</b>	<b>979,427</b>	<b>4,121,700</b>	<b>6,021,575</b>	<b>-</b>	<b>575,249</b>	<b>(2,866,030)</b>	<b>8,831,921</b>
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## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Year ended 31 December	Year ended 31 December
	2021	2020
	US\$	US\$
<b>Cash Flows from Operating Activities</b>		
Loss before tax	(1,311,707)	(1,046,512)
Depreciation	-	1,536
Amortisation	-	75,094
Foreign exchange	(8,078)	1,068,243
Write off	-	(130,746)
Finance income	-	(2,058)
Finance costs	290,661	(262,796)
Share base payment charge	229,224	362,730
	(799,900)	(65,491)
<b>Changes to working capital</b>		
(Increase)/decrease in trade and other receivables	(511)	47,985
Increase in trade and other payables	548,671	230,113
<b>Cash (used)/ generated in operations</b>	<b>(251,740)</b>	<b>343,589</b>
Interest paid	-	(271,189)
<b>Net Cash used in Operating Activities</b>	<b>(251,740)</b>	<b>72,400</b>
<b>Cash Flows from Investing Activities</b>		
Increase in Development expenditure	-	(67,153)

Purchases of property, plant and equipment	(617)	(23,151)
Disposal of short-term investments	14,238	10,849
<b>Net Cash (used in)/ generated from Investing Activities</b>	<b>13,621</b>	<b>(79,455)</b>
<b>Cash Flows from Financing Activities</b>		
Loan repaid	(65,938)	-
Advances received from borrowings	304,556	-
<b>Net Cash generated from/ (used in) Financing Activities</b>	<b>238,618</b>	<b>-</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>499</b>	<b>(7,055)</b>
Cash and cash equivalents at the beginning of the year	1,329	8,384
Net increase/ (decrease) in cash and cash equivalents	499	(7,055)
<b>Cash and Cash Equivalents at the End of the Year</b>	<b>1,828</b>	<b>1,329</b>

## COMPANY STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

Year ended 31 December 2021	Year ended 31 December 2020
\$	\$

**Cash Flows from Operating Activities**

Loss before tax	(991,451)	(639,524)
Depreciation	-	959
Share based payments	229,224	362,730
Unrealised foreign exchange	(6,838)	160,386
	<hr/>	<hr/>
	(769,065)	(115,449)

**Changes to working capital**

Increase in trade and other receivables	(31,306)	(196,597)
Increase in trade and other payables	786,133	301,197

**Cash used in operations**

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<b>(14,238)</b>	<b>(10,849)</b>
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**Net cash used in Operating Activities**

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<b>(14,238)</b>	<b>(10,849)</b>
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**Cash Flows from Investing Activities**

Disposal of short-term investments	14,238	10,849
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**Net Cash used in Investing Activities**

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<b>14,238</b>	<b>10,849</b>
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**Cash Flows from Financing Activities**

Proceeds from issue of ordinary shares	-	-
Issue costs	-	-

**Net Cash generated from Financing Activities**

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<b>-</b>	<b>-</b>
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**Net movement in Cash and Cash Equivalents**

<b>-</b>	<b>-</b>
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Cash and cash equivalents at the beginning of the year	-	-
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Exchange gain on cash and cash equivalents	-	-
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Net Decrease in cash and cash equivalents	-	-
<b>Cash and Cash Equivalents at the End of the Year</b>	-	-

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