Challenger Energy Group PLC

(formerly Bahamas Petroleum Company PLC)

Annual Report and Financial Statements

For the year ended 31 December 2020

Table of Contents

HIGHLIGHTS	1
CHAIRMAN'S LETTER TO THE SHAREHOLDERS	2
CHIEF EXECUTIVE OFFICER'S REPORT TO THE SHAREHOLDERS	4
COMPANY REPORT	7
Business Overview	7
Assets Summary	8
Reserves and Resources	10
2020: Significant Activities Review	11
Health, Safety, Environment and Security Review	13
Sustainability Statement	14
Corporate Governance	15
DIRECTORS' REPORT	16
Directors	16
Principal Activity	16
Results and dividends	16
Significant Shareholders	16
Directors' Shareholding and Options	16
Record of Board Meetings	17
STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS	18
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHALLENGER ENERGY GROUP PLC	19
FINANCIAL STATEMENTS	24
GLOSSARY AND NOTES	64
CORPORATE DIRECTORY	66

Highlights

Strategic

- Since early 2020 the Company has pursued a strategy to broaden its asset base and diversify its risk profile such that the Company's future was not solely reliant on the outcome of exploration drilling in The Bahamas, albeit still highly leveraged to its outcome

- In 2020, successful execution of that strategy saw the Company's business transform to become a full-cycle exploration and production company, centred on the Caribbean and the Atlantic margin

- The Company's portfolio now consists of 14 assets in four countries that span the industry value chain from production to development, appraisal, and both infrastructure-led and high-impact frontier basin exploration

Production/Appraisal Operations

- A focussed work program since August 2020, when the Company assumed control of its portfolio of mature producing Trinidadian oilfields, has enabled natural reservoir decline to be mitigated and increasing revenues achieved

- The licence for the Goudron field in Trinidad was extended for 10 years in November 2020; work is underway in respect of extensions of the Innis-Trinity and South Erin fields (for 2022 and beyond)

- The Saffron-2 appraisal well in Trinidad was planned during 2020 and subsequently drilled in July 2021 – the well is currently producing and has demonstrated the commercial viability of the Saffron project, with work underway in support of pursuing a development of the Saffron field in 2022

- Planning, design and environmental approval of the Weg Naar Zee appraisal well and Extended Well Test in Suriname has been completed, with that project targeted to commence as soon as Covid-19 circumstances in Suriname allow

Exploration Activities

- The Perseverance-1 exploration well was drilled offshore The Bahamas between December 2020 and February 2021 - the first exploration well in The Bahamas since the 1980s. Post well analysis has indicated the potential for a deeper Jurassic oil source, with activity now focussed on securing a farm-in partner and renewing licences for the next phase of activity

- Following a competitive bid process, the Company was awarded the OFF-1 offshore block in Uruguay in May 2020, a 15,000 km^2 licence area with estimated exploration potential in excess of 1 billion barrels of oil recoverable

- Work has continued throughout the period to better define the exploration potential of the Southwest Peninsula in Trinidad, including reprocessing of the regional 3D seismic grid – several prospects have been identified with an estimated aggregate of more than 200 million barrels of oil recoverable

HSES

- In the context of significantly increased operational activity and the extreme operating challenges presented by the Covid-19 pandemic, a concerted effort has been made across the Company's operations to ensure "best in class" policies, procedures and performance in relation to Health, Safety, Environment and Security (HSES)

- After extensive planning and preparation for the drilling campaign in The Bahamas, Perseverance-1 was drilled without any safety or environmental incidents

- Extensive work was undertaken in late 2020 in pursuit of Safe to Work (STOW) accreditation in Trinidad, which was recommended in January 2021 and approved in August 2021 for a two-year period

Chairman's Letter to the Shareholders

Dear Shareholders,

Over the last 18 months, the Covid-19 pandemic has dramatically altered the global operating environment for all businesses. At the same time, there were a number of significant developments at our Company. These are discussed in further detail in the Chief Executive Officer's report and in the balance of this annual report document. To provide context, however, I wish to offer some comments in terms of three main themes applicable to Challenger Energy's business in the period under review: strategy, focus on HSES, and shareholder value outcomes.

Strategy

At the start of 2020, this Company had a single business focus: a group of four geographically and commercially co-joined exploration licences, located in the southern territorial waters of The Bahamas, with an obligation to drill an initial exploration well prior to the end of 2020. After more than ten years of preparatory work, the Company had entered 2020 in an advanced state of preparation for the drilling of this well, named Perseverance-1. At that time, drilling was scheduled to commence in April 2020. Thus, at the start of 2020, all activities in the Company were focussed in support of this sole objective.

Plans were materially disrupted by the outbreak of the global Covid-19 pandemic in the beginning of 2020. Seemingly overnight, many countries became subject to extensive lockdowns, and international movements of people and resources became difficult, if not impossible. In our industry, this was compounded by a dramatic collapse in oil prices, such that many projects were either delayed or mothballed. Challenger Energy was in a similar position to its industry peers, and once confronted with the full scale of the unprecedented Covid-19 crisis it was soon realised that safe and uninterrupted drilling operations in April 2020 could not be assured. Reluctantly, management decided the best course of action was to defer the drilling of Perseverance-1 to the end of 2020, after the domestic hurricane season and allowing additional time for appropriate planning and preparation once the impacts of the pandemic would be better known.

In the following months, during what could perhaps be described as a period of extended industry "inactivity" occasioned by the pandemic, the Board and management undertook a review of prevailing conditions in the oil and gas exploration sector. Collectively, it was concluded that a business model based on a single-project, high-impact exploration outcome in a frontier location was unlikely to be sustainable in a world being fundamentally – and rapidly – reshaped.

It was determined that a shift in strategy was necessary and eminently possible. Given the prevailing state of the industry, Challenger Energy could broaden from being a single-asset business into a full-cycle exploration and production company centred on the Caribbean and the Atlantic margin. This would complement high-impact exploration with active oil production and thus cashflow. The objective the Board set for management was thus to work toward assembling a diverse portfolio of assets, in multiple jurisdictions, and with a spread of operational activity across the industry spectrum - from production and development to appraisal and exploration.

In terms of execution of this strategy, through the course of 2020 there were two notable developments. In June 2020 the Company was successful in its application and was awarded a high-impact exploration licence offshore Uruguay. Also in June 2020 a transaction whereby the Company would acquire 100% of Columbus Energy Resources PLC (Columbus) was announced. Columbus owned and operated a range of complementary oil assets in Trinidad and Tobago, and Suriname.

That latter transaction completed in August 2020, such that in the space of approximately six months, the Company had been transformed. From being a company with one high-impact project in one country at the start of 2020, the Company exited 2020 with 14 projects in four countries. Detail of this enlarged portfolio of assets is set out further on page 8 of this annual report.

In the process, the risk profile of the Company was likewise transformed, from being 100% exposed to the outcome of a single offshore exploration well in The Bahamas, to having a broad portfolio of assets, including active oil fields in production. So, whilst remaining heavily leveraged to the success of the exploration drill bit, the strategic transformation during 2020 meant that any exploration downside was somewhat mitigated.

HSES

It should go without saying that first and foremost in any oil industry operation is the objective to ensure that work is carried out safely, without incident, and without causing any harm to people or the environment – an objective that in 2020 became all the more acute given the impacts of the pandemic.

Moreover, the impending drilling of Perseverance-1 coupled with the integration of an active production business meant that in 2020 the responsibilities of the Board and management transitioned quickly from being a small team of eight full-time personnel, focussed entirely on exploration activities in The Bahamas, to being an international business with an operating staff base of over 80 and about 40 retained consultants. Operations through 2020 expanded considerably, to encompass not only exploration and appraisal programs in several jurisdictions, but also managing active production from multiple producing oil fields, operating the drilling of a large, complex offshore well in The Bahamas, and preparing for onshore drilling activities elsewhere in the portfolio.

With this substantial increase in operational activity came a commensurately increased assurance process based around an intense focus on all aspects of HSES. Accordingly, through the course of 2020, everyone at Challenger Energy worked diligently to embed new HSES processes, protocols and procedures across the expanded group. The objective was clear: to place HSES outcomes at the centre of every aspect of Challenger Energy's collective endeavours. I am thus pleased to be able to report that there has been a consistent level of performance upgrade across all key HSES metrics.

The Company has also committed to establishing a formal Environment, Social and Governance (ESG) sustainability framework, comprising a clear ESG strategy and associated goals along with regular tracking of performance against those goals. We expect to begin rolling this out across the Company in 2022.

Shareholder Value Outcomes

Over the course of the last 18 months, our business has been supported by a carefully executed funding strategy, including private institutional placings, an open offer to our existing shareholders, and various convertible debt facilities. I would like to thank our shareholders and financiers for their continued support, as well as our directors, management and staff who have participated materially in these funding initiatives alongside shareholders, in support of our common goals.

I feel it would be remiss of me if I did not at this point address "the elephant in the room". That is, since the results of Perseverance-1 became known in February 2021, the Company's share price has declined markedly, and despite a lot of hard work by everyone in the Company there has not yet been the kind of operating success elsewhere in the portfolio required to offset that decline. In this regard, I make several observations.

Firstly, the Company had a clear obligation to shareholders and the Government of The Bahamas to drill Perseverance-1 within a defined time period. This obligation was met, and drilling was carried out safely and responsibly, despite the compounding uncertainties and unprecedented operating disruptions caused by the global pandemic, a last-minute legal challenge from environmental activists, mixed public messaging from Government authorities, and an unprecedented collapse in global oil prices. Individually, each of these impacts would have severely challenged companies with much larger resources, and it is thus a testament to the tenacity of the management team that drilling was nonetheless able to proceed. Collectively, however, these impacts meant that as we approached the start of drilling, the Company's access to funding became materially constrained. This resulted in some last-minute funding decisions that could not be avoided in the circumstances so as to ensure continued operations. Whilst necessary, these decisions were unpopular with some shareholders, and were certainly a divergence from our longstanding funding strategy to that point.

Secondly, there is nothing that anyone could have done to change the eventual drilling outcome of Perseverance-1. After ten years in the making, when the well was finally drilled the rocks encountered did not yield a commercial discovery at the drill location. Given this technical outcome, nothing would have prevented a significant decline in share price following - just as a significant increase in share price would have inevitably followed had the drilling result been an unmitigated commercial success. In the end, this is the risk-reward equation that any investor in an exploration focussed oil and gas company assumes.

Thirdly, for many years, Board and executive remuneration was heavily aligned toward the outcome of Perseverance-1. Many of us have invested substantially in the Company, becoming sizeable shareholders in our own right and/or by having foregone remuneration. Board and management have thus all shared very directly in the poor financial outcome flowing from the result of the well.

Which brings me to my final observation on this subject: we're still here. Without the strategic shift to become an expanded portfolio business initiated in early 2020, and had the Company not succeeded through the course of 2020 in executing on this strategy, the result of Perseverance-1 would unequivocally have meant the end of this Company. Instead, shareholders continue to have a business, and there remain multiple opportunities to restore shareholder value. More than that, everyone who works at Challenger Energy is motivated and incentivised to do so. So, whilst it will of course take time and effort to rebuild, and whilst there are no guarantees in any business, your Company has good assets, an experienced and deeply committed team, and a proven capacity to stick with it and get things done, even in the most trying of circumstances.

Looking Forward

Overall, the last 18 months has been a time of considerable activity at Challenger Energy, with many of the Company's operational objectives achieved, despite some unprecedented challenges. The financial reward for this effort has not been realised given the technical outcomes, but our team has worked diligently and tirelessly throughout the period. I would like to thank everyone at Challenger Energy for their hard work and commitment to the tasks at hand.

I would especially like to thank Mr Simon Potter, our CEO for the last ten years, who in May 2021 stepped back from daily executive duties. Without Simon's leadership over the past decade, we would not have accomplished the various milestones of the last year, and I am delighted he will continue to support the business as a non-executive director going forward. Mr Eytan Uliel, who has been our Chief Commercial Officer for many years, has taken over as the CEO. Eytan brings not only continuity but also fresh perspective to the Board and I look forward to working with him in the years ahead. I would also like to thank Adrian Collins and Ross McDonald, both of whom have retired from the Board in recent months, for their support over the years.

Looking to the future, your Board remains focussed on delivering the various opportunities across Challenger Energy's expanded portfolio. I look forward to reporting further to you on our progress in the year ahead.

Bill Schrader
Chairman
24 September 2021

Chief Executive Officer's Report to the Shareholders

Dear Shareholders,

This is my first report to you, the owners of the Company, in my capacity as Chief Executive Officer, having assumed that position in May 2021.

Strictly speaking, this annual report covers the 2020 financial year period (that is, from January to December 2020, before I became CEO). Timing for reporting for the 2020 year has, however, been delayed longer than usual owing to the Covid-19 pandemic, and many of the more significant milestone events for our Company, whilst a direct outcome of work undertaken during 2020, actually occurred in the first half of 2021 and subsequent. In general, therefore, I will speak in this report to the period from the start of 2020 until the middle of 2021.

Perseverance-1 in The Bahamas

Without question, drilling of Perseverance-1 in The Bahamas was a key event in the history of this Company. Drilling commenced on 20 December 2020, and was subsequently completed in February 2021, after having been delayed from the targeted start in April 2020 because of the outbreak of the pandemic. Long-standing shareholders will be well aware, however, that this drilling campaign represented the culmination of more than a decade of work: from the initial award of the licences in The Bahamas in 2007, to the acquisition of 3D seismic in 2011, to an extensive amount of data acquisition and technical work spanning many years, and finally the drilling - the first such well to be drilled in The Bahamas since the 1980s.

We all know the Perseverance-1 well result – drilling did not result in a commercial discovery at the Perseverance-1 location. That is part of life in the oil and gas exploration business: no matter how much high-quality technical work precedes drilling, you do not know what resource lies beneath until the well is down.

That said, there are many aspects of the drilling campaign which everyone associated with Challenger Energy should be proud of. In particular, *we did what we said we would do*. Despite many challenges and numerous setbacks along the way, we eventually drilled the well, thus meeting our core objective of testing the structures at the chosen drilling location.

To do this, we had to work effectively through several changes of Government in The Bahamas. We had to secure the finance needed for the drill, a task most commentators thought was beyond our grasp. We had to recruit an experienced drilling team, and we had to operate a complex offshore drilling program more typically the province of much larger companies. Along the way we built up and deployed the capacity necessary to execute the well, which included bringing together a contractor group made up of some of the world's most respected service companies – familiar names like Stena, Halliburton and, Schlumberger. And, we saw off a legal challenge from environmental activists that was launched at the very last minute in a cynical effort to halt our legitimate business operations.

More than that: we successfully conducted operations during a pandemic. The safe drilling of any offshore exploration well is always a technical challenge, but to do so during a global pandemic necessitated complex logistical planning, and the fact that we were able to drill for approximately seven weeks without an outbreak of infection on the rig is a reflection of the rigorous systems and procedures employed. In so doing, we fulfilled our commitments to the Government of The Bahamas and its people, through operating the drilling program responsibly, and without any incidents.

Looking forward in The Bahamas, it is worth noting that whilst Perseverance-1 may not have resulted in the commercial discovery we hoped for, a substantial amount of data and learning has been obtained from the drill. We are still integrating all of this information, but it provides encouraging support for the possibility of a deeper Jurassic oil play.

As I have observed in other forums, we had hoped for 'instant gratification' with Perseverance-1, which was not the case. However, it is important to remember that in our industry several exploration wells are often required before the potential of a frontier basin is unlocked, and based on what we have learned from Perseverance-1, we continue to believe that our licences in The Bahamas are prospective. We have thus shifted our focus to the future of this project: (i) renewing the licences into a third, three-year exploration period, and (ii) securing a partner – ideally a large industry player – to provide expertise and capital for the next phase of activity. I look forward to updating shareholders on our progress in this regard.

Production Operations in Trinidad & Tobago

In August 2020 we completed the acquisition of Columbus, creating a new and enlarged organisation with operations spanning across the Caribbean and Atlantic Margin region. As is noted by the Chairman in his letter to shareholders, the logic of this strategic transformation was simple: to expand the Company from being a single asset company in The Bahamas to a more diversified business, with risk and reward potential spread across multiple projects in various locations and at differing stages of the industry value chain.

On assuming control of the Columbus assets in August 2020, we found a business that was showing the effects of being cash-starved for a very long time under previous management. This was manifest in terms of low field activity levels, poor morale amongst staff – many of whom had been suspended or put on half pay at the start of the Covid-19 pandemic, inadequate policies and procedures, poor record keeping, local suppliers who had not been paid for some time and a business reputation in-country that was suffering.

Therefore, through the last quarter of 2020 and into 2021, we began an intensive program of work designed to "right the ship". At its core, we were (and still are) guided by a simple objective: to sustain and increase production, to manage costs tightly, and to thereby grow cashflow from the Trinidadian operations.

Some successes worth noting: we substantially increased field activity, with workover frequency rate increasing by 20% under our management. We also implemented a roster of preventative well maintenance work to maximise well uptime, initiated an automation trial, installed new pumps on a number of wells, perforated additional zones in several wells, and carried out a number of heavy workovers including perforation washes on high producing wells, all with the objective of optimising well performance and sustaining / adding to production.

Alongside this increased level of field activity, we undertook a comprehensive review of all assets, and restructured the Trinidadian organisation so as to drive cost efficiencies and allow for more effective work across the portfolio. We focussed on restoring morale within our staff base, and we began a process to restore confidence with local suppliers, regulators and communities.

It has been hard work, and there have been ups and downs – all the more so given the ongoing effects of Covid-19 in Trinidad, and in particular the extreme difficulty of getting into the country. But we are now beginning to see the fruits of our labour. Notably, we have stemmed the rate of production decline in the producing fields, and have been successful in a core objective of maintaining baseline production in the range of 400 – 450 barrels of oil per day. A rising oil price environment, coupled with cost savings measures we have put in place, means that we have now been able to reach a point where the operations in Trinidad & Tobago are largely self-funding. In 2022, we expect to be able to continue along this trajectory, and generate $2 million or more of positive operating cashflow from our existing production operations. This would represent a fairly significant "turnaround" in a relatively short period of time, and is an achievement for which our team in Trinidad should be rightfully proud.

Beyond this, each and every day we continue to look for ways to drive further growth in production which, given our largely fixed cost base in-country, would flow straight to the bottom line. Indeed, at times during the last 18 months production has gone as high as 500 barrels of oil per day, but then we have not been able to be sustain it at that level for the long term: wells go offline, power supplies get disrupted in inclement weather, and so on.

Our objective for 2022 is thus to crack that particular nut: how can we add 100 barrels or more per day of production from existing fields on a sustainable basis and increase cashflow even further? This will inevitably require some trial and error as we continue in our work to maintain and optimise field performance alongside remediation activities, but we are confident we will get there. We also hope that in 2022 the various Enhanced Oil Recovery (EOR) initiatives that have been tested and trialled through 2020 and into 2021 might ultimately provide some incremental production, too.

Appraisal and Exploration Activities

Apart from Perseverance-1 in The Bahamas and the focus on production activities in Trinidad and Tobago, during 2020 and then into 2021 we continued to progress appraisal and exploration activities across the broader business. Three items are worthy of particular note.

Saffron-2 appraisal onshore Trinidad: The Saffron-1 discovery well, drilled by our predecessor in late 2019 at the Bonasse licence in the Southwest Peninsula of Trinidad, had discovered oil in the Middle and Lower Cruse reservoir horizons. However, that well had been beset by various issues during the drilling campaign, such that no production testing of the Lower Cruse reservoirs had been possible. On assuming control of the asset, we analysed the data collected from the Saffron-1 well, and used that analysis to inform a well design and commence detailed well planning for a second Saffron well. Following that work and after receiving approvals from the Ministry, the Saffron-2 appraisal well, our first operated drilling onshore Trinidad, was successfully drilled to TD of 4567 ft in June and July 2021. Saffron-2 encountered multiple oil-bearing horizons in the Upper Cruse, Middle Cruse and Lower Cruse reservoir zones. Subsequent production tests have proved the ability to flow high-quality oil from the Lower Cruse reservoirs, although sustained production from these reservoir units has not yet been achieved due to technical and mechanical issues encountered in this zone – we are working on engineering solutions. On the other hand, the Middle Cruse reservoir sections are producing, and have thus far demonstrated what we consider could be an economic level of production, with work being progressed to see if we can increase production further. The oil produced at Saffron-2 is already being sold, and the immediate plan is to maximise production revenues from the well, bring on additional production from the as yet unperforated Upper Cruse zone, and revisit our thoughts around a potential development (and funding for that). We would like to see a Saffron development get underway in H1 2022.

Weg Naar Zee (WNZ) appraisal onshore Suriname: WNZ is a large block (approx. 900 km²) onshore Suriname, in a proven hydrocarbon province with 70 historic wells and 2D seismic coverage. Up to 24 MMbbls STOIIP (15° API) has been identified in eight pools on the block, and an initial well followed by an Extended Well Test (EWT) has been designed to appraise the producibility of the resource, and to assess whether the asset is suitable for application of enhanced oil recovery techniques used by Challenger Energy in Trinidad. To date, approval to proceed with the planned drilling program has been received from Staatsolie (our PSC partner and Surinamese state-owned oil and gas company and regulator) and NIMOS (the Surinamese environmental regulator). Various preparatory work streams have been completed including the well site being identified, land lease being secured and equipment and service providers having been engaged. We are thus ready to proceed with drilling of a first WNZ appraisal well, albeit operational challenges arising from the Covid-19 situation in Suriname have resulted in the decision to delay the projected well spud date – ideally, we would like to see this project get underway in late 2021 or early 2022.

OFF-1 in Uruguay: As noted, in June 2020 we were awarded the OFF-1 licence block offshore Uruguay. This acreage, which holds an estimated resource potential of up to 1 billion barrels of oil, provides an exciting addition to the broader portfolio. The licence is for an initial 4-year period during which the Company is obliged to undertake geological and geophysical studies to define prospects and resource potential. This work will be carried out internally on a low-cost basis. Formal execution of the licence by the Uruguayan government has been delayed due to the impacts of Covid-19 in Uruguay – we will commence work as soon as that

Chief Executive Officer's Report to the Shareholders (continued)

process is complete. Interestingly, two wells are planned by majors in Namibia toward the end of 2021 on the conjugate margin of our asset in Uruguay. We will thus be watching the outcome of that drilling with keen interest.

HSES

Challenger Energy is committed to providing a healthy, safe and secure workplace for all employees, consultants, contractors, service providers and visitors, across all facets of our operations. We believe strongly that pursuit of our commercial objectives should never be at the expense of harm to people or the environment. Moreover, the change during 2020 to the Company's portfolio mix and significant resultant increase in operational activity, alongside the expanding impacts of the Covid-19 pandemic, meant that clear focus and leadership in relation to HSES became mission critical.

In response, over the past 18 months we have made it an unambiguous priority to embed HSES awareness into every aspect of our business, to accurately track our performance, and to implement learnings from that tracking to ensure accountability to the highest international standards. As an absolute minimum, the Company seeks to comply with all applicable laws and regulations in the countries in which it operates but, where the Company has adopted stricter codes of practice in relation to any aspects of HSES management, then these higher standards are applied.

Some notable achievements: as already mentioned, drilling activities – both offshore in The Bahamas and onshore in Trinidad – were undertaken safely and without incident. Across our active operations, we have seen improving trends in relation to key HSES statistics, such as a marked drop in motor vehicle incident frequency. Over the past 18 months we have also placed an emphasis on staff training, and we have put in place systems to ensure that our contractors also meet all necessary standards – the result has been a heightened awareness of risk evident across the business. Safe-to-Work (STOW) Accreditation – an essential part of the social licence to operate in Trinidad and Tobago – has been achieved, and a substantial body of work has been conducted by our HSES team to review and then update an extensive range of policies, procedures and management systems applicable to all aspects of the Company's operations. These are now being regularly re-examined to ensure currency, relevance and applicability. Overall, shareholders should be pleased with the HSES track record the team has established and is working diligently to maintain. Further details are set out on page 13 of this annual report.

Corporate and Financial Review

In terms of finances, 2020 was dominated by the need to secure the funds needed to drill the Perseverance-1 well. With the expansion of the business to include active operations in Trinidad and Tobago and Suriname, the need for funding increased commensurately.

Accordingly, through the course of 2020 and then into 2021, we implemented a broad funding strategy designed to ensure we would be able to meet our funding needs as and when they have been required. This included two open offers with existing shareholders, multiple institutional placings, drawdown of funds from two independent convertible note facilities, and the sponsorship of a Bahamian domiciled mutual fund. In the process, we raised in the order of $60 million in support of the Company's various project initiatives – a credit to the efforts of our team and the support of our investors.

On completion of the transaction with Columbus, we also for the first time began to receive revenues from oil production and sales. This was a relatively small amount in 2020, given that we only accounted for five months of income, production was falling when we assumed control of the Columbus assets, and oil prices were low. But in the life of any oil company the time at which you begin to generate income is a significant milestone. As mentioned, we have focussed throughout 2021 on maximising that income, reducing costs, and benefitting from rising oil prices, with a view to 2022 being the year in which we begin to see surplus cashflows from production in Trinidad.

In terms of overhead and general operating expenses, these increased significantly through the course of 2020, a necessary consequence of gearing up for offshore drilling operations in The Bahamas plus the addition of active operations in other jurisdictions. However, following completion of drilling of the Perseverance-1 well in The Bahamas, we have taken immediate steps to reverse that trend, by reducing our operating footprint, reducing our staff base, and reducing our general costs wherever possible. I can report that as compared to the "peak" in February 2021, overhead costs are now down by approximately 40%, and there remains work to be done which we expect can reduce overhead even further.

2022 and beyond

As we turn our eye to the next chapter of this Company's story, I can assure shareholders of one thing: all of us who work at Challenger Energy are committed to delivering, and we will give 100% at all times.

Success in 2022 will involve achieving sustainable production growth from our portfolio, and hence increasing free cashflow. It will also require us to have success with the drill bit, so as to grow our reserves and production capacity over time. We will also need to continue to manage our costs tightly, and be smart in how we leverage our position in the industry. And in the longer-term, we remain determined to deliver value from The Bahamas and new business initiatives, like Uruguay.

I hope that 2022 marks the first steps in restoring value in this Company, and I look forward to updating shareholders regularly as to continued progress on that journey.

Eytan Uliel
Chief Executive Officer
24 September 2021

Company Report

Business Overview

Challenger Energy's business comprises a portfolio of oil and gas assets – 14 licences across four countries, at varying stages of the industry life cycle from exploration through to appraisal and production. These include five producing oil fields onshore Trinidad and Tobago, an appraisal project onshore Suriname, a substantial exploration acreage position in the Southwest Peninsula of Trinidad, and two high impact exploration projects – one each in The Bahamas and Uruguay.

Trinidad and Tobago
- 7 licences (100%), 1 licence (83.8%) – all onshore, close to sales infrastructure
- 400 – 450 bopd baseline production from five fields, with considerable existing well stock (approximately 250 wells of which approximately 80 are in production at any time)
- 2P Reserves of 1.3MMbbls; 2C Resources of 6.4MMbbls
- Production enhancement opportunities from workovers, reactivations & new pumps accessing shallow reservoirs
- Opportunity for enhanced sweep efficiency and increased recovery factor via enhanced oil recovery techniques and in-fill wells
- Discovery at Saffron, with Saffron-2 appraisal well validating commercial potential – current work focussed on defining a development plan
- Low-cost development options across portfolio

Suriname
- 1 onshore licence – Weg Naar Zee PSC (100%), 900 km^2
- 2C Resources of 1.1MMbbls; 3C Resources of 3.5 MMbbls (24 MMbbls STOIIP)
- Drill ready, with well to be followed by Extended Well Test (EWT) - realised production can be sold; EWT success leads to early, low-cost development and reserves additions

Uruguay
- 1 offshore licence – OFF-1 (100%); ~15,000 km^2
- Work by the state-owned authority ANCAP has identified one of the prospects on the block (Lenteja) alone has an estimated resource potential of 1.4 billion barrels of oil
- Low-cost initial 4-year exploration period, commencing on formal licence signing

The Bahamas
- 4 licences (100%), all offshore
- Recently drilled Perseverance-1 well evaluated the potential Albian and Aptian reservoirs of the B North segment of the B structure – the well did not result in a commercial discovery at the drilling location; post well analysis indicates potential for a deeper Jurassic play
- Licence renewal for a third 3-year exploration period in process; renewed farmout process commenced in parallel – 'Drill or Drop' by 2024

People and Assets
- >80 staff globally, majority in Trinidad and Tobago
- 2 owned and operated rigs in Trinidad and Tobago to support production and maintenance activities

Company Report (continued)

Assets Summary

Trinidad and Tobago

The Company has five producing fields onshore Trinidad comprising some 250 wells, of which approximately 80 wells are in production at any given time. In addition, the Company has an appraisal project in the Southwest Peninsula (SWP) of Trinidad (Saffron project) and has identified several other exploration prospects in the same area.

Goudron Field

The Company owns 100% of the Goudron field by way of an enhanced production service contract (EPSC) with Heritage Petroleum Company Limited, the Trinidadian state-owned oil and gas company. The EPSC was renewed in November 2020 for a 10-year term. The Goudron Field produces light sweet oil with an average API gravity of 37 degrees. The Company is progressing enhanced oil recovery programs at Goudron to support increased production, for example by undertaking a water injection pilot project focussed on re-pressuring reservoir units (subject to necessary approvals). Additionally, regular well workover operations are undertaken on the existing production well stock, including well stimulation operations, reperforations, and repairs to shut-in wells, as and when appropriate.

Inniss-Trinity Field

The Company owns 100% of the Inniss-Trinity field by way of an incremental production service contract (IPSC) with Heritage Petroleum Company Limited. The IPSC is due for renewal at the end of December 2021 and the Company is currently undertaking the process necessary for a renewal of that licence. As part of the Inniss-Trinity IPSC, a CO2 enhanced oil recovery pilot project was undertaken during 2020 and 2021 to establish the potential for increasing field production and with a view to assessing the applicability of the technique for other onshore opportunities. Regular well workover operations are undertaken on the existing production well stock and repairs to shut-in wells, as and when appropriate. In addition, the Company has identified a number of drill-ready compartments on the licence area which will be assessed in the context of other in-field drilling opportunities across the portfolio.

South Erin Field

The Company owns 100% of the South Erin field by way of a farm-out agreement with Heritage Petroleum Company Limited. The farm-out agreement is due for renewal at the end of December 2021 and the Company is currently undertaking the necessary process for such a renewal. Regular well workover operations are undertaken on the existing production well stock and repairs to shut-in wells, as and when appropriate. The Company has identified a number of drill-ready compartments on the licence which will be assessed in the context of other in-field drilling opportunities across the portfolio.

Southwest Peninsula (SWP)

The SWP contains the Bonasse and Icacos producing oilfields in which the Company holds a 100% interest via a number of private petroleum licences covering the Bonasse, Cedros and Icacos licence areas. Similar to the other fields, regular well workover operations are undertaken on the existing production well stock and repairs to shut-in wells, as and when appropriate. The Bonasse licence also includes Saffron prospect which is discussed further below.

Saffron Project

During 2021, the Company successfully drilled the Saffron-2 appraisal well to a depth of 4,567ft encountering Upper, Middle and Lower Cruse reservoirs. During production tests on the Lower Cruse formation pressures at surface of up to 1,400 psi were observed, oil was produced naturally to surface, and oil samples were collected and analysed (48° API). However, sustained production could not be achieved due to the continual inflow of mobile non-reservoir formation materials (clay and shale influx into the wellbore). Subsequently these zones have been isolated, capable of being re-entered, remediated and produced in the future, as appropriate. Production tests of the Middle Cruse formation has seen sustained oil production (20° API), with the well continuing to remain on production and produced oil being gathered and sold. The Company expects to be able to maintain production by optimising production parameters as flow rates become better understood, as well as by producing from a further 11ft of reservoir as yet unperforated in the Upper Cruse, to add to the production mix in due course. The Company is working to incorporate the results of the well into an optimal development plan for the Saffron project, as well as an update of the prospective and contingent resource estimates for both the Saffron location and other targets within the Company's SWP portfolio.

SWP Exploration

The large licence position in the Southwest Peninsula of Trinidad also represents the Company's main exploration acreage in Trinidad, with numerous prospects consisting of both stacked shallow and deeper reservoirs. The area is assessed internally by the Company as having recoverable resources amounting to approximately 230 MMbbls. In late 2020 the Company commissioned a reprocessing of the entire 3D seismic grid over the area, with that work completed in H1 2021. The results from this reprocessing work, along with existing data, are being used in support of ongoing work to select future exploration drill targets.

Cory Moruga Field

The Company owns 83.8% of the Cory Moruga licence and is the operator, alongside its partner Touchstone Exploration Inc. which holds a 16.2% non-operated interest. The Cory Moruga licence includes the Snowcap oil discovery, with oil having previously been produced on test from the Snowcap-1 and Snowcap-2ST wells. The Company is presently reviewing its options for the licence in line with other opportunities across the portfolio.

Suriname

Weg Naar Zee Project

The Company holds a 100% interest in a Production Sharing Contract (PSC) with Staatsolie Maatschappij Suriname N.V, the Suriname state-owned petroleum company (Staatsolie), for an onshore appraisal / development project contained in the Weg Naar Zee Block (WNZ). WNZ is a large block covering approx. 900 km^2 in a proven hydrocarbon province with 70 historic wells and 2D seismic coverage. Up to 24 MMbbls STOIIP (15° API) has been identified in eight pools (of which around half is in a single pool) with the CPR assessing 2C resources of 1.1 MMbbls and 3C resources of 3.5 MMbbls.

An Extended Well Test (EWT) has been designed to appraise the producibility of the discovered resource in the WNZ block, and to assess whether the asset is suitable for application of enhanced oil recovery techniques used by the Company in Trinidad. To date, approval from Staatsolie to proceed with the planned drilling program has been received as has approval from NIMOS (the Surinamese environmental regulator). The proposed well site has been scouted, various in-country contractors and well equipment has been sourced, and rig tenders have been received from a number of suppliers. Commencement of the drilling and subsequent EWT has been delayed due to operating constraints arising from the Covid-19 situation in Suriname. Drilling is expected to commence as soon as Covid-19 circumstances in Suriname allow, but ideally prior to the end of 2021 / early 2022, and will target the largest of the undrained pools on the block (twinning with a historical production well).

The Bahamas

The Company is the holder of four conjoined exploration licences offshore The Bahamas. The Perseverance-1 exploration well was drilled in the licence area, from 20 December 2020 to 5 February 2021, at a location approximately 20 miles from the Bahamas-Cuba maritime border, in water depth of approximately 518 metres. Perseverance-1 represented the first exploration drilling in The Bahamas since the mid-1980s, and the first test of any prospect located in deeper waters off the shallower water carbonate banks. The well reached a depth of 3,905 metres, having intersected five Albian, Upper Aptian, and Mid-Aptian horizons of interest.

The Perseverance-1 well was drilled safely and without incident, with stringent Covid-19 management protocols operating effectively throughout the drilling campaign. Following completion of drilling operations, the well was plugged and secured in accordance with international and BSEE (Bureau of Safety and Environmental Enforcement) standards.

The well did not result in a commercial discovery at the drilling location, with the source quality and migration interpreted as being the primary reason for this non-commercial well outcome. Post-well petrophysical analysis of the well logs have, however, confirmed high quality reservoirs down to the base of the well with no significant deterioration in porosity with depth, indicating the potential for high deliverability reservoirs in the deeper underlying Jurassic formations.

The technical findings from Perseverance-1 thus support a forward program to include further biostratigraphic analysis, fluid inclusion analysis, and selective re-processing of 3D seismic to further educate sequence stratigraphy and seismo-facies of the deeper Jurassic horizons. This work will underpin an assessment of the merits of a further exploration well in the future, both to continue to assess Aptian horizon potential, whilst at the same time targeting the deeper Jurassic intervals. The Company has recommenced a farm-out process to seek a suitable partner for the next phase of activity in The Bahamas. In parallel, in March 2021 the Company notified the Government of The Bahamas of its intent to renew the licences into a third 3-year exploration period.

Uruguay

OFF-1 Block

In June 2020, following a competitive bid process, the Company was notified that it was the successful applicant for the OFF-1 offshore block in Uruguay covering approx. 15,000km^2. Formal signing of the licence for the OFF-1 offshore block is presently awaiting presidential approval, which has been delayed due to the Covid-19 pandemic situation in Uruguay. The Company expects the formal licence award to be completed before the end of 2021 and will thereafter commence initial technical work in 2022.

In the interim, technical work undertaken independent of the Company by ANCAP, the Uruguayan oil and gas regulator, has sought to highlight exploration prospectivity across the licence area. This involves detailed mapping of several play types and prospects, notably the syn-rift play potential within the Company's OFF-1 block. The prospect and lead screening carried out by ANCAP, includes the specific identification of the syn-rift Lenteja prospect with a P_{50} estimated ultimate recovery volume (EUR) of 1.359 billion barrels and an upside case of several billion barrels recoverable, potentially accessible in shallow water depths of just 80 metres. This volume estimate aligns well with the earlier guidance provided by the Company of the potential within its OFF-1 licence area as being in excess of a billion barrels.

Company Report (continued)

Reserves and Resources

In 2020, the Company commissioned an independent Competent Person's Report (CPR) from ERC Equipoise (ERCE). The scope of the report was to focus on reserves and resources across the Company's existing producing assets in Trinidad and Tobago, and the Company's Weg Naar Zee licence in Suriname. ERCE certified net 2P reserves of 1.29 MMbbls and net 2C contingent resources of 7.46 MMbbls across the portfolio of assets in Trinidad and Suriname, summarised as follows:

Reserves (MMbbls)	**1P**	**2P**	**3P**
Total	0.7	1.3	1.9
Contingent Resources (MMbbls)	**1C**	**2C**	**3C**
Total	0.7	7.5	24.7

Notes
1. Company Working Interest resources are based on the working interest share of the field gross resources and are prior to deduction of royalties. Challenger Energy hold a 100% interest in all relevant fields, being Goudron, Inniss-Trinity, South Erin, Icacos and Bonasse in Trinidad, and Weg naar Zee in Suriname.
2. The Contingent Resources are on unrisked basis and have not been risked for chance of development and are sub-classified as development unclarified.
3. Totals are added arithmetically which means statistically there is a greater than 90% chance of exceeding the total 1C and less than a 10% chance of exceeding the total 3C.
4. ERCE did not audit the SWP, including the Saffron project, as part of its CPR.

2P reserves relate to known oil that is capable of being produced economically, and thus the 2P reserves as certified by ERCE relate solely to production capable of being generated from the Company's existing wells in existing fields. The 2P reserves do not assume any contribution from infill drilling and enhanced oil recovery projects. Moreover, apart from routine operating costs required to keep wells online, accessing this production potential does not require material amounts of incremental capital expenditure.

At oil prices ranging from US$50 to US$60 per barrel, it is estimated this level of 2P reserve represents US$65 million to US$75 million of gross cashflow potential to the Company, and a reserve base equivalent to a baseline production of 500 bopd for approximately 7 years.

The 2020 report commissioned by the Company did not include an assessment of the Saffron project, pending the drilling of the Saffron-2 well. With the Saffron-2 well complete, the Company intends to update its reserve and resource estimates accordingly.

2020: Significant Activities Review

Significant activities during the specific period January 2020 to December 2020 are summarised as follows (note that all shares issuance numbers quoted are before the 1 for 10 share consolidation which took effect on 28 May 2021):

- On 14 February 2020, the initial offer period closed for a Bahamian domiciled mutual fund sponsored by the Company. This fund had been created to allow Bahamian resident investors to acquire an ownership interest in the Company. The initial offer period closed with $914,000 in subscriptions, giving rise to 35,337,328 shares being issued to the fund at 2 pence per share. Due to delays in securing final approval for the issuance of the shares by the Central Bank of The Bahamas (arising from the outbreak of the Covid-19 pandemic) final issuance of the shares to the Fund took place on 29 June 2020.

- On 20 February 2020, the Company entered into a zero-coupon convertible loan facility with a Bahamian family office investor, for up to £8m in funding (gross of fees). An initial £2.7m was drawn down on entering into the facility with a further £2m drawn down on 17 March 2020, at which point the facility was expanded to up to £16 million in total (including amounts already drawn down at that date). Full settlement of amounts owing was made through the issuance of shares on 26 February 2020 – 48,000,000 shares, 3 April 2020 – 62,500,000 shares, and 1 May 2020 – 79,059,830. No amounts remain outstanding under this facility, and the facility has lapsed.

- On 27 February 2020, the Company was granted Environmental Authority (EA) from the Government of The Bahamas for the drilling of the Perseverance-1 well. The EA consisted primarily of an Environmental Impact Assessment, Environmental Management Plan and Emergency Response Plan and formed a prerequisite to the commencement of the well, which at that time was scheduled to commence in March / April 2020.

- On 25 March 2020, the Company announced that it had delayed the commencement of the Perseverance 1 well, following an assessment of the likely impact of the Covid-19 pandemic on the ability to conduct drilling. At the same time, the Company notified the Government of The Bahamas of *force majeure* under the terms of its licences. On 17 November 2020 the Company and Government of The Bahamas formally agreed the end of the *force majeure* provisions and an extension to the licences of 6 months, to 30 June 2021, was confirmed.

- On 26 May 2020, the Company entered into a contract with Stena Drilling for the provision of an offshore drilling rig to undertake the drilling of Perseverance-1. The contract stipulated a deployment window of 15 December 2020 to 1 February 2021, with Stena notifying the Company on 25 September 2020 that the Stena IceMax rig would be provided on or about 15 December 2020.

- On 9 June 2020, the Company was awarded the OFF-1 offshore exploration licence block in Uruguay. The licence covers an area of approximately 15,000 km^2 and is estimated to contain up to 1 billion barrels of prospective resources. The licence, once formally issued, will be for an initial term of 4 years with an initial work obligation during this period comprising of technical studies and seismic reinterpretation. Formal execution of the licence has been subject to continued delays due to the impacts of the Covid-19 pandemic in Uruguay.

- On 11 June 2020 the Company launched an offer for 100% of the shares in Columbus Energy Resources PLC, an AIM quoted UK company holding production, appraisal and exploration assets onshore in Trinidad and Tobago and Suriname. On 24 July 2020 the Company's shareholders approved the transaction and on 27 July 2020 the transaction was approved by the shareholders of Columbus. On 7 August 2020 the transaction became legally effective. Following the completion of the acquisition of Columbus, shares were issued to a number of parties in settlement of the transaction and various supporting services as follows: (i) scheme shareholders of Columbus– 757,261,511; (ii) termination payments to Columbus management – 25,562,167; (iii) settlement of cancelled Columbus management options – 23,684,650; (iv) shares to providers of capital investment linked to the transaction – 98,424,660; and (v) advisors to the transaction paid in shares – 34,216,815. In addition, 21,325,966 options were granted to former management of Columbus at a strike price of 0.002 pence, being the par value of the shares of the Company at the time.

- In the period from June 2020 to December 2020, the Company undertook extensive activities to prepare for drilling of Perseverance-1 in The Bahamas. This included reassembling the drilling team (which had been stood down at the start of the pandemic), and finalising the contractor group (including leading service companies such as Halliburton, Weatherford and Baker Hughes). At the same time, the Company worked closely with all contractors to finalise the drill plan and develop and implement Covid-19 mitigation and operating protocols.

- On 8 August 2020, the Company assumed control of the Columbus portfolio of assets in Trinidad and Tobago, and Suriname. From that date, the Company commenced an intensive period of rehabilitative and improvement work in relation to those assets. This included restoring all employees to full pay, entering into negotiations with various suppliers and contractors to restore and ensure ongoing supply of critical services, ensuring full deployment of both Company owned rigs and a third contracted rig to increase workover rate, and a concerted focus on improving HSES performance.

- On 1 October 2020, the Company undertook a private placing with institutional investors to raise £9.5m in gross proceeds through the issuance of 475 million new shares.

- On 15 October 2020, the Company issued 146,818,765 new ordinary shares to certain executives and members of the Board in settlement of amounts owing to those persons as at 1 October 2020. On the same date the Company issued 7,733,592 shares to advisors in settlement of fees.

2020: Significant Activities Review (continued)

- On 27 November 2020, the Company provided formal public notification of the specific drilling rig to be provided by Stena. On the same date the Company announced the expansion of its conditional convertible loan note facility (put in place during 2019) from £10.25m to £15m, with the first £3m of this facility available to the Company on an unconditional basis on commencement of the Perseverance-1 well.

- On 30 November 2020, the Company finalised a new Enhanced Production Sharing Contract (EPSC) for the Goudron licence block onshore Trinidad. The term of the new EPSC expires on 30 June 2030.

- On 10 December 2020, a request for a Judicial Review of the decision by the Government of The Bahamas to award the EA for Perseverance-1 was brought by a consortium of environmental activists in The Bahamas, along with a request for a stay to the commencement of the drilling of Perseverance-1. On 6 January 2021 the Bahamian Courts refused the request for a stay on the well, which at that time had already been commenced, and granted leave for the consortium of environmentalists to seek a Judicial Review. On 25 January 2021, the Company was added as a respondent to that action and on 2 March 2021 the Court accepted the Company's request that a security bond be posted by the applicants. The applicants failed to provide this bond and, in July 2021, appealed the Court's ruling, although on 8 July 2021, that appeal was withdrawn, and the applicants have subsequently withdrawn from the action entirely. Consent Orders to this effect have been agreed between the applicants, the Company and the Government, and were endorsed by the Court on 13 August 2021, bringing the matter to a definitive close.

- On 14 December 2020, the Company entered into a funding facility with an institutional investment fund for up to $20 million, with an initial subscription of $10 million resulting in the issuance of 375 million shares to the investor and 37.5 million shares to advisors to the transaction in lieu of fees. On 12 January 2021 the Company exercised a put option to issue a further 187.5 million shares under the terms of the facility, raising $5 million in subscription proceeds, with a further 9.375 million fee shares being issued to advisors at this time.

- On 20 December 2020, the Company commenced drilling of Perseverance 1 offshore The Bahamas. The drilling of the well took 49 days to complete to a TD of 3,905 meters and did not encounter commercial volumes of hydrocarbons in any of the penetrated horizons. The Company continues to analyse the data extracted from the well to greater define the remaining prospects within the licence area, in particular deeper Jurassic plays and remaining undrilled structures.

Health, Safety, Environment and Security Review

The Company has an HSES Committee which comprises Board members, senior executives, and representatives from operations which meets regularly to ensure adequacy of and compliance with standards, processes, systems and procedures.

Within this context, key HSES highlights for the period under review include:

- In November 2020, shortly after assuming control of the Columbus business, the Company's HSES Management System was substantially revised. This was done to ensure a functional system that is tailored to the needs of the Company's operations. Key themes were selected to place additional emphasis on HSES awareness, compliance and culture. These themes are: driving awareness, behavioural safety, and the environment. Throughout 2020 and into 2021, measures against these key themes have been developed and implemented, coupled with enhanced internal communications and Company-wide mandatory awareness sessions on hazard identification, risk management and the importance of safe behaviour.

- The Company determined as a matter of priority to achieve Safe to Work (STOW) Accreditation, a certification programme that is local to Trinidad and Tobago and is a requirement of all operators by Heritage Petroleum Company Limited (and which certification Columbus had not been able to achieve prior to the Company assuming control of the Columbus assets in Trinidad). Following an extensive period of preparatory work in 2020, the Company commenced its audit for STOW Certification in January 2021 and completed same on 11 February 2021. The Company was recommended for, and subsequently became STOW accredited on 5 August 2021, for a 2-year period.

- In 2020 and then continuing into 2021, the Company increased efforts to ensure a trained and competent workforce, through a systematic program of internal and external training, and with a focus on promoting awareness of and compliance with the Company's HSES Management System. In parallel, all Company policies and procedures have been reviewed and updated, and a comprehensive business continuity plan was prepared and adopted.

- Perseverance-1 was drilled in The Bahamas in the period 20 December 2020 to 5 February 2021, although there was considerable field and in-country operations in the months leading up to, and immediately following the completion of, the drilling campaign. Large numbers of crew were successfully moved internationally and on and off the drilling rig, and equipment and supplies were able to likewise be moved on and off the drilling rig responsibly and without any safety or environmental incidents. Covid-19 was a significant impost to operations, but careful management and planning ensured that there were zero infections on the rig for the entire duration of operations.

- Similarly, all Trinidad and Tobago's operations have continued to function within the restrictions outlined by the Government of Trinidad and Tobago, notwithstanding the significant effects of Covid-19 in that country (including the declaration of various states of emergency). Specific Covid-19 Mitigation and Management Procedures have been implemented across the business, including the use of remote working where possible, restricted access to office areas to non-employees, daily temperature checks, daily sanitization and reinforcement of PPE, hand hygiene and cough etiquette. The measures implemented, together with an effective response procedure to manage cases that include the conduct of contact tracing, PCR testing, quarantine protocols and liaison with the Ministry of Health has proven to be effective in mitigating outbreaks amongst the staff.

- In preparation for the drilling of both Perseverance-1 (in 2020) and Saffron-2 (in 2021) large-scale tabletop exercises were conducted involving key personnel within the Company as well as representatives of the drilling contractors, suppliers, and key Government bodies. In the case of The Bahamas, it was especially gratifying that this exercise involved joint coordination of authorities in The Bahamas, the United States, and Cuba. During these exercises, detailed plans were formulated for response to and management of various event scenarios, in a step by step and coordinated manner. Key learnings of the exercises were documented for future reference. The conduct of such exercises greatly improved the Company's readiness for possible emergencies during the drilling operations.

Sustainability Statement

Having a formal Environment, Social and Governance (ESG) sustainability framework, comprising a clear ESG strategy and associated goals along with regular tracking of performance against same, has become an important part of doing business for any company in the modern world.

Unambiguously, Challenger Energy is a hydrocarbon company, involved in the business of seeking out, appraising and ultimately developing and producing hydrocarbons – oil and gas – which are used to create energy. Challenger Energy acknowledges its role as a business, which is to create value for its owners from these activities, whilst at the same time ensuring the impact on stakeholders, the communities and the countries in which it works is positive or minimised. In conducting all of our activities it is our intent to do no harm to the environment, to our people, to the communities in which we live and operate, or to any other stakeholders. We will always seek to work in close collaborations with relevant governments, state owned companies or agencies, and local communities, and will always seek to demonstrate operational excellence whilst at the same time abiding by the highest level of environmental management practices.

The Board of Challenger Energy acknowledges and supports the global move towards a lower-carbon world, recognising that this transition will take time. During this period of transition Challenger Energy's business will continue to be relevant to the world we live in, although at the same time there will be both a social and business imperative for Challenger Energy to be more efficient, to be less wasteful, and to continue to operate safely and responsibly with minimal harm to its people, communities, and the environment.

In this context, Challenger Energy is undertaking a formal process to formulate an ESG sustainability framework, against which ESG outcomes can be tracked and measured. The Company expects to have completed this work in time for the ESG sustainability framework to be advised to shareholders and then implemented across the Company in respect of the 2022 calendar year.

In formulating its ESG sustainability framework, the Company is seeking to recognise two primary, globally accepted sets of standards for ESG, being The United Nations Sustainable Development Goals (UN SDG) and The Global Reporting Initiative (GRI). Those elements of the UN SDG most pertinent or most closely aligned to Challenger Energy's business are being brought into the very core of how we do business. In parallel, adoption of key GRI principles will enable a process by which the Company can identify its environmental, economic, and social impact, and then track and report publicly its positive or negative contributions toward sustainable development goals.

Corporate Governance

Challenger Energy's shares are traded on the AIM Market of the London Stock Exchange PLC. The Board of the Company is committed to maintaining high standards of corporate governance at all times. Whilst the Company is not subject to the requirements of the UK Corporate Governance Code, the Company is required to apply a recognised corporate governance code, demonstrating how the Company complies with such corporate governance code and where it departs from it.

QCA Code

The Directors of the Company have formally taken the decision to apply the QCA Corporate Governance Code (the QCA Code) as the standard against which the Company chooses to measure itself. This QCA Code emphasises the need for well balanced, effective boards, with a strong emphasis on overseeing risk management aimed at protecting the Company from unnecessary risk to enable the Company to secure its long-term future. In addition, the QCA Code highlights the alignment of remuneration policies with shareholder interests and sound shareholder relations. Further information on the Company's application of the QCA Code is available on the Company website at www.cegplc.com.

The Board and its Committees

The Board of Directors

The Board meets regularly to discuss and consider all aspects of the Company's activities. A Charter of the Board has been approved and adopted which sets out the membership, roles and responsibilities of the Board. The Board is primarily responsible for formulating, reviewing and approving the Group's strategy, budgets, major items of capital expenditure and acquisitions. As at the time of this report, the Board consists of the Chairman, the Chief Executive Officer, and three Non-executive Directors. All Directors have access to the Company Secretary and the Company's professional advisors.

Records of the board meetings

There were ten board meetings of the parent entity of the Group during the financial year.

Audit Committee

As at the time of this report, the Audit Committee comprises James Smith (Chairman) and Stephen Bizzell. The Audit Committee is primarily responsible for ensuring that the financial performance of the Group is properly reported on and monitored, for reviewing the scope and results of the audit, its cost effectiveness and the independence and objectivity of the auditor. The Audit Committee has oversight responsibility for public reporting and the internal controls of the Group. A Charter of the Audit Committee has been approved and adopted which formally sets out the membership, roles and responsibilities of the Audit Committee.

Remuneration & Nomination Committee

As at the time of this report The Remuneration & Nomination Committee comprises Simon Potter (Chairman) and William Schrader. The Remuneration & Nomination Committee is responsible for making recommendations to the Board of Directors regarding executive remuneration packages, including bonus awards and share options. The role of the Committee also extends to assisting the Board in fulfilling its responsibilities in the search for and evaluation of potential new Directors and ensuring that the size, composition and performance of the Board is appropriate for the scope of the Group's and Company's activities. It is recognised that shareholders of the Company have the ultimate responsibility for determining who should represent them on the Board.

Health, Safety, Environmental and Security Committee

The Group has a Health, Safety, Environmental and Security Committee which as at the date of this report comprises William Schrader, Simon Potter, Nathan Rayner and Dr. Pardogh Gogna. The committee's purpose is to assist the Directors in reviewing, reporting and managing the Group's performance, to assess compliance with applicable regulations, internal policies and goals and to contribute to the Group's risk management processes.

Internal Control

The Directors acknowledge their responsibility for the Group's system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage the risk of failure to achieve the Group's strategic objectives. It cannot totally eliminate the risk of failure but will provide reasonable, although not absolute, assurance against material misstatement or loss.

Going Concern

The Directors consider that the Group and Company has or will have access to adequate financial resources to enable it to meet its financial obligations for at least 12 months from the date of this report. For this reason, they continue to adopt the going concern basis of preparing the financial statements. Further information regarding the appropriateness of the use of the going concern assumption in the basis of preparation can be found in note 1 to the consolidated financial statements.

Directors' Report

The Company's Directors present their report and audited financial statements of the Company and the consolidated group consisting of Challenger Energy Group PLC ("Challenger Energy" or "the Company") and the entities it controlled (the Group) at the end of, or during, the year ended 31 December 2020.

Directors

The following persons were Directors of the Company during the financial year under review:

William Schrader
James Smith
Simon Potter
Adrian Collins (retired 25 May 2021)
Ross McDonald (retired 1 June 2021)
Leo Koot (appointed 24 August 2020, resigned 22 January 2021)

Further details of the above Directors can be found on the Company's website: www.cegplc.com.

Principal Activity

The principal activity of the Group and the Company consists of oil & gas production, development, appraisal and exploration in Trinidad and Tobago and Suriname, and high impact exploration in The Bahamas and Uruguay.

Results and dividends

The results of the Group for the year are set out on page 24 and show a loss for the year ended 31 December 2020 of $13,992,000 (2019: loss of $4,632,000). The total comprehensive loss for the year of $13,992,000 (2019: loss of $4,632,000) has been transferred to the retained deficit.

The Directors do not recommend payment of a dividend (2019: $nil).

Significant Shareholders

The following table represents shareholdings of 3% or more notified to the Company as at 31 December 2020:

Top 10 shareholders (by parent company)

Shareholder	31-Dec-20	% IC
Hargreaves Lansdown PLC	828,280,362	18.38
Interactive Investor	499,128,728	11.08
Halifax Share Dealing	402,397,871	8.93
Lombard Odier Asset Management	329,390,732	7.31
Barclays Wealth	240,539,264	5.34
TOTAL	**2,299,736,957**	**51.04**

Directors' Shareholding and Options

The interests in the Company at the balance sheet date of all Directors who held office on the Board of the Company at the year-end are stated below.

Director	Number of Shares	Number of Options
William Schrader	17,845,667	3,000,000
James Smith	11,475,630	1,500,000
Simon Potter	81,217,700	72,500,000
Adrian Collins	13,528,977	1,500,000
Ross McDonald	11,725,630	1,500,000
Leo Koot	28,093,156	–

Record of Board Meetings

There were ten board meetings of the parent entity of the Group during the financial year.

Director	Number of Board Meetings Attended	Number of Board Meetings Eligible to Attend
William Schrader	10	10
James Smith	10	10
Simon Potter	10	10
Adrian Collins	10	10
Ross McDonald	9	10
Leo Koot	3	3

Statement of Directors' Responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable Isle of Man law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. The Directors have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and to enable them to ensure that the financial statements comply with the Isle of Man Companies Acts 1931 to 2004. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the Isle of Man governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

Eytan Uliel
Director
24 September 2021

Independent auditor's report to the members of Challenger Energy Group PLC

Report on the audit of the financial statements

Our opinion

In our opinion:

- Challenger Energy Group PLC's (formerly Bahamas Petroleum Company PLC) consolidated financial statements give a true and fair view of the state of the Group's affairs as at 31 December 2020 and of its loss and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union;
- Challenger Energy Group PLC's company financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2020 and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union as applied in accordance with the provisions of the Isle of Man Companies Act 1982; and
- the financial statements have been properly prepared in accordance with the Isle of Man Companies Acts 1931 to 2004.

What we have audited

Challenger Energy Group PLC's consolidated and company financial statements (the "financial statements") comprise:

- the consolidated and company statements of financial position as at 31 December 2020;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated and company statements of changes in equity for the year then ended;
- the consolidated and company statements of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1.28 (ii) of the financial statements concerning the Group's and the Company's ability to continue as a going concern. Management has indicated that the Group and Company require additional funding to meet their forecast cash flow requirements during the 12 months following approval of the financial statements in order to continue as a going concern. Whilst funding options are being pursued certain of these will require creditor agreement outside of the Group's control.

These conditions, along with the other matters explained in those notes to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern.

The financial statements do not include the adjustments that would result if the Group and the Company were unable to continue as a going concern. In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

- verifying the mathematical accuracy of management's cash flow forecast and agreeing the opening cash position;
- assessing management's underlying cash flow projections for the Group to other external and internal sources, where appropriate;
- assessing and validating the impact of post year end cash movements and commitments;
- assessing management's ability to take mitigating actions, if required; and
- assessing the completeness and appropriateness of management's going concern disclosures in the financial statements.

Independent auditor's report to the members of Challenger Energy Group PLC (continued)

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our audit approach

Overview

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. These comprised:

- Material uncertainty related to going concern (Group and Company) as set out above;
- Recoverability of the Group's intangible exploration and evaluation assets and goodwill / Recoverability of Company's investment in subsidiaries and amount owed by subsidiary undertakings;
- Business combination accounting (Group); and
- Impact of Covid-19 on the Financial Statements (Group and Company).

The key audit matters below are consistent with last year except for the addition of Business combination accounting following the Company's merger with Columbus Energy Group PLC.

Key audit matter	How our audit addressed the key audit matter
Recoverability of the Group's intangible exploration and evaluation assets and goodwill / Recoverability of Company's investment in subsidiaries and amount owed by subsidiary undertakings	
Refer to note 10 of the financial statements. At 31 December 2020 the carrying value of the Group's intangible exploration and evaluation assets was $75.3 million (2019: $50.6 million) and goodwill amounted to $4.6 million (2019: $Nil). As the carrying value of these intangible exploration and evaluation assets and goodwill are significant in the financial statements of the Group, we consider it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of these exploration and evaluation assets and goodwill may exceed their recoverable amount. The Company's investment in its subsidiaries totalled $50.9 million (2019: $29.6 million) and the amount owed by its subsidiary undertakings totalled $83.8 million (2018: $66.7 million) as shown in notes 14 and 16 to the financial statements respectively. The recoverability of the Company's investment in its subsidiaries and amount owed by its subsidiary undertakings are dependent upon the successful development or sale of the relevant exploration areas.	For intangible exploration and evaluation assets, we critically evaluated management's assessment of each impairment trigger per 'IFRS 6 - Exploration for and Evaluation of Mineral Resources', including but not limited to: • Assessing whether the Group had the rights to explore in the relevant geographical areas by obtaining supporting documentation such as licence agreements. • Enquiring to determine whether management had the intention to carry out exploration and evaluation activity in the relevant exploration areas. We reviewed management's cash flow forecast models to assess the level of the budgeted expenditure on these areas, and obtained details of contracts. • Critically assessing the outcome of drilling activities as to whether any impairment indicators were present to suggest that the carrying value of these exploration and evaluation assets is unlikely to be recovered through development or a sale. For goodwill, our procedures in relation to management's impairment assessment included assessing the valuation methodology, challenging the reasonableness of key assumptions based on our knowledge of the business and industry. We found the assumptions made by management were reasonable.

Key audit matter	How our audit addressed the key audit matter
	Having completed our work, we did not identify any material misstatements regarding the carrying value of the intangible exploration and evaluation assets and as a result, the recoverability of the Company's investment in subsidiaries and amount owed by its subsidiary undertakings.
Business combination accounting (Group) Refer to notes 1.04, 1.05, 1.28 (iv) and 15 of the financial statements. On 7 August 2020, the Company's merger with Columbus Energy Resources PLC was completed. This transaction falls under the scope of IFRS 3 "Business combinations" which requires significant management judgement in determining the fair value of consideration transferred and assets acquired, including oil and gas properties and intangible assets which are inherently judgemental. Our key audit matter focuses on the valuation of assets acquired and the completeness of liabilities including abandonment funds.	We performed the following audit procedures: • We obtained a detailed understanding of the merger and associated acquisition accounting under IFRS 3; • We assessed, scoped and tested the opening balance sheet and the fair value adjustments applied to the acquired business; • We obtained evidence to challenge the directors fair value estimates by verifying market data points; • We tested and challenged the key inputs used in the valuation focusing on those involving judgement such as oil and gas properties, intangible assets, deferred tax and decommissioning provisions; • We tested the fair value of the consideration; • We reviewed the disclosures in the financial statements for accuracy and completeness. Based on the work performed we are satisfied the carrying amount of assets and liabilities recorded are as permitted under IFRS 3.
Impact of Covid-19 on the Financial Statements During the course of the audit both management and the audit team considered the impact the ongoing Covid-19 pandemic is having on the Groups' activities, the financial statements and the oil price environment. The main impact of the pandemic on the Group was the movements in global oil prices, the decision to delay the commencement of drilling the Perseverance #1 well until later in 2020, the associated force majeure event extension of the licences to 30 June 2021 and additional unforeseen drilling costs relating to Covid-19 management protocols. Another potential impact is the ability of the Group to raise additional funding required. The Group has disclosed the impact of Covid-19 in note 1.28 (ii) to the financial statements. Given the significance of the above matters, we determined the impact of Covid-19 to be a key audit matter which relates to both the Group and the Company financial statements.	We performed the following procedures to address the impact that Covid-19 has on the financial statements: • We held discussions with senior management about the impact on the plans to raise additional funding. We considered the impact of Covid-19 on management's going concern assessment noted above. The impact of the pandemic on the Group and Company's going concern has been appropriately mitigated by management. • We considered the impact on management's assessment of the carrying value of assets, conducted in accordance with 'IFRS 6 - Exploration for and Evaluation of Mineral Resources'. Management concluded the Group had the right under their licences to declare force majeure as a result of the pandemic. This provided additional time for the Group to commence drilling once operations could resume and hence remain in compliance with their licence conditions, despite the delay to the drilling timetable. We concluded that management's assessment of Covid-19 on the financial statements is reasonable and the disclosure in note 1.28 (ii) of the financial statements adequate.

Independent auditor's report to the members of Challenger Energy Group PLC (continued)

Other information
The other information comprises all of the information in the Annual Report and Financial Statements other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements
The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and Isle of Man law, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 15 of the Isle of Man Companies Act 1982 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Report on other legal and regulatory requirements

Adequacy of accounting records and information and explanations received
Under the Isle of Man Companies Acts 1931 to 2004 we are required to report to you by exception if, in our opinion:

- we have not received all the information and explanations we require for our audit;
- proper books of account have not been kept, or proper returns adequate for our audit have not been received from branches not visited by us;
- the company financial statements are not in agreement with the books of account and returns; and
- certain disclosures of directors' loans and remuneration specified by law have not been complied with.

We have no exceptions to report arising from this responsibility.

Andrew Dunn
for and on behalf of PricewaterhouseCoopers LLC
Chartered Accountants
Douglas
Isle of Man
24 September 2021

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2020

	Note	Year ended 31 December 2020 $ 000's	Year ended 31 December 2019 $ 000's
Net petroleum revenue	**2**	1,417	–
Cost of sales		(2,781)	–
Gross loss		**(1,364)**	**–**
Administrative expenses	**3**	(9,793)	(4,622)
Goodwill impairment	**10**	(2,435)	–
Operating foreign exchange gains		32	19
Operating loss		**(13,560)**	**(4,603)**
Other income		3	1
Finance income	**9**	202	39
Finance costs	**9**	(628)	(69)
Loss before taxation		**(13,983)**	**(4,632)**
Income tax expense	**5**	(9)	–
Loss for the year attributable to equity holders of the parent company		**(13,992)**	**(4,632)**
Other comprehensive income			
Exchange differences on translation of foreign operations		147	–
Other comprehensive income for the year net of taxation		**147**	**–**
Total comprehensive expense for the year attributable to equity holders of the parent company		**(13,845)**	**(4,632)**
Loss per share (cents)			
Basic and diluted	**8**	(0.5)	(0.27)

All operations are considered to be continuing (see note 2).

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2020

	Note	As at 31 December 2020 $ 000's	As at 31 December 2019 $ 000's
Assets			
Non-current assets			
Intangible exploration and evaluation assets	**10**	75,259	50,570
Tangible assets	**11**	25,783	31
Right of use assets	**12**	97	198
Goodwill	**10/15**	4,610	–
Investment in associate	**13**	47	–
Escrow and abandonment funds	**16**	1,297	–
Deferred tax asset	**5**	8,975	–
Total non-current assets		**116,068**	**50,799**
Current assets			
Trade and other receivables	**16**	5,313	858
Inventories	**18**	172	–
Restricted cash	**17**	946	26
Cash and cash equivalents		17,862	11,152
Total current assets		**24,293**	**12,036**
Total assets		**140,361**	**62,835**
Liabilities			
Current liabilities			
Trade and other payables	**19**	(18,620)	(1,952)
Lease liabilities	**20**	(105)	(161)
Borrowings	**21**	(498)	–
Total current liabilities		**(19,223)**	**(2,113)**
Non-current liabilities			
Borrowings	**21**	(1,639)	–
Provisions	**22**	(6,314)	–
Lease liabilities	**20**	–	(44)
Deferred tax liability	**5**	(8,974)	–
Total non-current liabilities		**(16,927)**	**(44)**
Total liabilities		**(36,150)**	**(2,157)**
Net assets		**104,211**	**60,678**
Shareholders' equity			
Called-up share capital	**23**	123	61
Share premium reserve	**23**	152,717	96,157
Share based payments reserve	**24**	5,228	4,868
Retained deficit		(77,684)	(63,692)
Foreign exchange reserve		147	–
Convertible debt option reserve	**21**	396	–
Other reserves	**23**	23,284	23,284
Total equity attributable to equity holders of the parent company		**104,211**	**60,678**

The accompanying accounting policies and notes form an integral part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 24 September 2021 and signed on its behalf by:

Eytan Uliel
Director

Bill Schrader
Chairman

Company Statement of Financial Position

As at 31 December 2020

	Note	As at 31 December 2020 $ 000's	As at 31 December 2019 $ 000's
Assets			
Non-current assets			
Property, plant and equipment	**11**	78	16
Right of use assets	**12**	12	27
Investment in subsidiaries	**14**	50,940	29,560
Trade and other receivables	**16**	83,839	66,721
Total non-current assets		**134,869**	**96,324**
Current assets			
Trade and other receivables	**16**	238	224
Restricted cash	**17**	57	26
Cash and cash equivalents		17,160	11,100
Total current assets		**17,455**	**11,350**
Total assets		**152,324**	**107,674**
Liabilities			
Current liabilities			
Trade and other payables	**19**	(504)	(1,946)
Lease liabilities	**20**	(13)	(15)
Total current liabilities		**(517)**	**(1,961)**
Non-current liabilities			
Lease liabilities	**20**	–	(13)
Borrowings	**21**	(1,120)	–
Total non-current liabilities		**(1,120)**	**(13)**
Total liabilities		**(1,637)**	**(1,974)**
Net assets		**150,687**	**105,700**
Shareholders' equity			
Called-up share capital	**23**	123	61
Share premium reserve	**23**	152,717	96,157
Share based payments reserve	**24**	4,858	4,498
Retained deficit		(36,942)	(24,551)
Convertible debt option reserve	**21**	396	–
Other reserve	**23**	29,535	29,535
Total equity attributable to equity holders of the parent company		**150,687**	**105,700**

The accompanying accounting policies and notes form an integral part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 24 September 2021 and signed on its behalf by:

Eytan Uliel
Director

Bill Schrader
Chairman

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	Year ended 31 December 2020 $ 000's	Year ended 31 December 2019 $ 000's
Cash flows from operating activities		
Loss before taxation	(13,983)	(4,632)
(Increase) in trade and other receivables	(204)	(152)
(Decrease)/Increase in trade and other payables	(1,164)	515
(Increase) in inventories	(18)	–
Impairment of goodwill	2,435	–
Depreciation of property, plant and equipment (note 11)	1,446	20
Depreciation of right of use asset (note 12)	214	219
Loss on disposal of property, plant and equipment (note 11)	105	1
Amortisation (note 10)	113	–
Share settled payments (note 24)	2,455	–
Other income	(3)	(1)
Finance income (note 9)	(202)	(39)
Finance costs (note 9)	628	69
Share based payments (note 24)	360	1,003
Income tax paid (note 5)	(9)	–
Foreign exchange (gain) on operating activities	(32)	(20)
Net cash outflow from operating activities	**(7,859)**	**(3,017)**
Cash flows from investing activities		
Purchase of property, plant and equipment (note 11)	(228)	(7)
Proceeds from sale of property, plant and equipment	–	1
Payments for exploration and evaluation assets	(14,566)	(985)
(Increase) in restricted cash	(9)	–
Cash acquired from business combination (note 15)	1,039	–
Other income received	3	1
Interest received (note 9)	202	39
Net cash outflow from investing activities	**(13,559)**	**(951)**
Cash flows from financing activities		
Issue of ordinary share capital	29,536	13,103
Principal elements of lease payments (note 20)	(216)	(212)
Interest payable on lease liabilities (note 20)	(17)	(23)
Finance costs	(176)	–
Repayment of borrowings	(2,694)	–
Proceeds of borrowings	1,515	–
Net cash inflow from financing activities	**27,948**	**12,868**
Net increase in cash and cash equivalents	6,530	8,900
Effects of exchange rate changes on cash and cash equivalents	180	31
Cash and cash equivalents at beginning of year	11,152	2,221
Cash and cash equivalents at end of year	**17,862**	**11,152**

The accompanying accounting policies and notes form an integral part of these financial statements.

Company Statement of Cash Flows

For the year ended 31 December 2020

	Year ended 31 December 2020 $ 000's	Year ended 31 December 2019 $ 000's
Cash flows from operating activities		
Loss before taxation	(12,392)	(3,165)
(Increase) in trade and other receivables	(14)	(68)
(Decrease)/increase in trade and other payables	(869)	1,668
Depreciation	31	24
Provision for doubtful recovery of intercompany receivable	7,171	–
Share settled payments	2,455	–
Other income	(3)	–
Finance income	(46)	(39)
Finance costs	81	48
Foreign exchange (gain) on operating activities	(142)	(19)
Share based payments	360	1,003
Net cash outflow from operating activities	**(3,368)**	**(548)**
Cash flows from investing activities		
Payments to acquire tangible assets	(79)	(3)
Interest received	46	39
Other income received	3	–
(Increase) in restricted cash	(31)	–
Advances to and payments on behalf of group companies	(21,610)	(3,686)
Net cash outflow from investing activities	**(21,671)**	**(3,650)**
Cash flows from financing activities		
Issue of ordinary share capital	29,536	13,103
Principle elements of lease payments (note 20)	(15)	(14)
Interest payable on lease liabilities (note 20)	(1)	(2)
Finance costs	(79)	–
Repayments of borrowings	–	–
Proceeds of borrowings	1,515	–
Net cash inflow from financing activities	**30,956**	**13,087**
Net increase in cash and cash equivalents	**5,917**	**8,889**
Effects of exchange rate changes on cash and cash equivalents	143	30
Cash and cash equivalents at beginning of year	11,100	2,181
Cash and cash equivalents at end of year	**17,160**	**11,100**

The accompanying accounting policies and notes form an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2020

	Called up share capital $ 000's	Share premium reserve $ 000's	Share based payments reserve $ 000's	Retained deficit $ 000's	Foreign exchange reserve $ 000's	Convertible debt option reserve $ 000's	Other reserves $ 000's	Total Equity $ 000's
Group								
As at 1 January 2019	**46**	**83,068**	**3,820**	**(59,060)**	**–**	**–**	**23,284**	**51,158**
Loss for the year	–	–	–	(4,632)	–	–	–	(4,632)
Currency translation differences	–	–	–	–	–	–	–	–
Total comprehensive expense	**–**	**–**	**–**	**(4,632)**	**–**	**–**	**–**	**(4,632)**
Share capital issued	15	13,089	–	–	–	–	–	13,104
Share based payments	–	–	1,048	–	–	–	–	1,048
Total contributions by and distributions to owners of the Company	**15**	**13,089**	**1,048**	**–**	**–**	**–**	**–**	**14,152**
As at 31 December 2019	**61**	**96,157**	**4,868**	**(63,692)**	**–**	**–**	**23,284**	**60,678**
Loss for the year	–	–	–	(13,992)	–	–	–	(13,992)
Currency translation differences	–	–	–	–	147	–	–	147
Total comprehensive expense	**–**	**–**	**–**	**(13,992)**	**147**	**–**	**–**	**(13,845)**
Share capital issued	62	56,560	–	–	–	–	–	56,622
Recognition of conversion feature	–	–	–	–	–	396	–	396
Share based payments	–	–	360	–	–	–	–	360
Total contributions by and distributions to owners of the Company	**62**	**56,560**	**360**	**–**	**–**	**396**	**–**	**57,378**
As at 31 December 2020	**123**	**152,717**	**5,228**	**(77,684)**	**147**	**396**	**23,284**	**104,211**

	Called up share capital $ 000's	Share premium reserve $ 000's	Share based payments reserve $ 000's	Retained deficit $ 000's	Convertible debt option reserve $ 000's	Other reserves $ 000's	Total Equity $ 000's
Company							
As at 1 January 2019	**46**	**83,068**	**3,450**	**(21,386)**	**–**	**29,535**	**94,713**
Loss for the year	–	–	–	(3,165)	–	–	(3,165)
Total comprehensive expense	**–**	**–**	**–**	**(3,165)**	**–**	**–**	**(3,165)**
Share capital issued	15	13,089	–	–	–	–	13,104
Share based payments	–	–	1,048	–	–	–	1,048
Total contributions by and distributions to owners of the Company	**15**	**13,089**	**1,048**	**–**	**–**	**–**	**14,152**
As at 31 December 2019	**61**	**96,157**	**4,498**	**(24,551)**	**–**	**29,535**	**105,700**
Loss for the year	–	–	–	(12,391)	–	–	(12,391)
Total comprehensive expense	**–**	**–**	**–**	**(12,391)**	**–**	**–**	**(12,391)**
Share capital issued	62	56,560	–	–	–	–	56,622
Recognition of conversion feature	–	–	–	–	396	–	396
Share based payments	–	–	360	–	–	–	360
Total contributions by and distributions to owners of the Company	**62**	**56,560**	**360**	**–**	**396**	**–**	**57,378**
As at 31 December 2020	**123**	**152,717**	**4,858**	**(36,942)**	**396**	**29,535**	**150,687**

The accompanying accounting policies and notes form an integral part of these financial statements

Notes to the financial statements for the year ended 31 December 2020

1 Summary of significant accounting policies

1.01 General information and authorisation of financial statements

Challenger Energy Group PLC ("the Company", formerly known as Bahamas Petroleum Company PLC) and its subsidiaries (together "the Group") are the holders of several oil & gas exploration and production licences located in The Bahamas, Trinidad & Tobago, Suriname and Uruguay.

The Company is a limited liability company incorporated and domiciled in the Isle of Man. The address of its registered office is IOMA House, Hope Street, Douglas, Isle of Man. The Company's review of operations and principal activities is set out in the Directors' Report. See note 14 to the financial statements for details of the Company's principal subsidiaries.

The accounting reference date of the Company is 31 December.

1.02 Statement of compliance with IFRS

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The Company's financial statements have been prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Isle of Man Companies Acts 1931 to 2004. The principal accounting policies adopted by the Group and Company are set out below.

New and revised standards and interpretations not applied

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group and Company. These standards are not expected to have a material impact on the Group and Company in the current or future reporting periods and on foreseeable future transactions.

1.03 Basis of preparation

The financial statements have been prepared on the historical cost basis, except for the measurement of certain assets and financial instruments at fair value as described in the accounting policies below.

The financial statements have been prepared on a going concern basis, refer to note 1.28 for more details.

The financial statements are presented in United States Dollars ($) and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated.

1.04 Basis of consolidation

The financial statements incorporate the results of the Company and its subsidiaries (the Group) using the acquisition method. Control is achieved where the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Inter-company transactions and balances between Group companies are eliminated in full.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group.

The investment in associate (an entity over which the Group has significant influence) has been recorded at cost and has not been adjusted to reflect the Group's 25% share of the net profits/losses and assets/liabilities of the associate from the date of acquisition to the balance sheet date as it was deemed immaterial.

1.05 Business combinations

On the acquisition of a subsidiary, the business combination is accounted for using the acquisition method. In the consolidated statement of financial position, the acquiree's identifiable assets, liabilities are initially recognised at their fair values at the acquisition date. The cost of an acquisition is measured as the aggregated amount of the consideration transferred, measured at the date of acquisition. The consideration paid is allocated to the assets acquired and liabilities assumed on the basis of fair values at the date of acquisition. Acquisition costs not directly related to the issuance of shares in consideration are expensed when incurred and included in administrative expenses. Acquisition costs which are directly related to the issuance of shares in consideration are deducted from share premium. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained.

If the cost of acquisition exceeds the identifiable net assets attributable to the Group, the difference is considered as purchased goodwill, which is not amortised but annually reviewed for impairment. In the case that the identifiable net assets attributable to the Group exceed the cost of acquisition, the difference is recognised in profit or loss as a gain on bargain purchase.

If the initial accounting for a business combination cannot be completed by the end of the reporting period in which the combination occurs, only provisional amounts are reported, which can be adjusted during the measurement period of 12 months after acquisition date.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

1 Summary of significant accounting policies (continued)

1.06 Intangible assets – exploration and evaluation assets

Exploration and evaluation expenditure incurred which relates to more than one area of interest is allocated across the various areas of interest to which it relates on a proportionate basis. Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. The area of interest adopted by the Group is defined as a petroleum title.

Expenditure in the area of interest comprises direct costs and an appropriate portion of related overhead expenditure but does not include general overheads or administrative expenditure not linked to a particular area of interest.

As permitted under IFRS 6, exploration and evaluation expenditure for each area of interest, other than that acquired from the purchase of another entity, is carried forward as an asset at cost provided that one of the following conditions is met:

- the costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale; or
- exploration and/or evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Such costs are initially capitalised as intangible assets and include payments to acquire the legal right to explore, together with the directly related costs of technical services and studies, seismic acquisition, exploratory drilling and testing. Exploration and evaluation expenditure which fails to meet at least one of the conditions outlined above is taken to the statement of comprehensive income.

Expenditure is not capitalised in respect of any area of interest unless the Group’s right of tenure to that area of interest is current.

Intangible exploration and evaluation assets in relation to each area of interest are not amortised until the existence (or otherwise) of commercial reserves in the area of interest has been determined.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount. In accordance with IFRS 6, the Group reviews and tests for impairment on an ongoing basis and specifically if the following occurs:

a) the period for which the Group has a right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;

b) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;

c) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities in the specific area; and

d) sufficient data exists to indicate that although a development in the specific area is likely to proceed the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

An impairment loss is recognised for the amount by which the asset’s carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Net proceeds from any disposal of an exploration asset are initially credited against the previously capitalised costs. Any surplus proceeds are credited to the consolidated statement of comprehensive income.

1.07 Oil and gas development/producing assets and commercial reserves

If the field is determined to be commercially viable, the attributable costs are transferred to development/production assets within tangible assets in single field cost centres.

Subsequent expenditure is capitalised only where it either enhances the economic benefits of the development/producing asset or replaces part of the existing development/producing asset.

Decreases in the carrying amount are charged to the consolidated statement of comprehensive income.

Net proceeds from any disposal of development/producing assets are credited against the previously capitalised cost. A gain or loss on disposal of a development/producing asset is recognised in the consolidated statement of comprehensive income to the extent that the net proceeds exceed or are less than the appropriate portion of the net capitalised costs of the asset.

Commercial reserves are proven and probable oil and gas reserves, which are defined as the estimated quantities of crude oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible. There should be a 50% statistical probability that the actual quantity of recoverable reserves will be more than the amount estimated as a proven and probable reserves and a 50% statistical probability that it will be less.

Notes to the financial statements for the year ended 31 December 2020 (continued)

1 Summary of significant accounting policies (continued)

1.08 Depletion and amortisation
All expenditure carried within each field is amortised from the commencement of production on a unit of production basis, which is the ratio of oil and gas production in the period to the estimated quantities of commercial reserves at the end of the period plus the production in the period, generally on a field by field basis. In certain circumstances, fields within a single development area may be combined for depletion purposes. Costs used in the unit of production calculation comprise the net book value of capitalised costs plus the estimated future field development costs necessary to bring the reserves into production. Changes in the estimates of commercial reserves or future field development costs are dealt with prospectively.

1.09 Decommissioning
Where a material liability for the removal of production facilities and site restoration at the end of the productive life of a field exists, a provision for decommissioning is recognised. The amount recognised is the present value of estimated future expenditure determined in accordance with local conditions and requirements. The cost of the relevant tangible fixed asset is increased with an amount equivalent to the provision and depreciated on a unit of production basis. Changes in estimates are recognised prospectively, with corresponding adjustments to the provision and the associated fixed asset.

1.10 Property, plant and equipment
Property, plant and equipment is stated in the statement of financial position at cost less accumulated depreciation and any recognised impairment loss. Depreciation on property, plant and equipment other than exploration and production assets, is provided at rates calculated to write off the cost less estimated residual value of each asset on a straight-line basis over its expected useful economic life. Depreciation rates applied for each class of assets are detailed as follows:

- Furniture, fittings and equipment 1 – 4 years
- Motor vehicles 5 years
- Leasehold improvements Over the life of the lease

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount with any impairment charge being taken to the statement of comprehensive income.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised in the statement of comprehensive income.

1.11 Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average cost formula, where cost is determined from the weighted average of the cost at the beginning of the period and the cost of purchases during the period. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.12 Revenue recognition
Revenue from sales of oil and natural gas is recognised at the transaction price to which the group expects to be entitled, exclusive of indirect taxes and excise duties. Revenue is recognised when performance obligations have been met, on delivery of product or when control of the product is transferred to the customer.

1.13 Foreign currencies
Transactions in foreign currencies are translated at the exchange rate ruling at the date of each transaction. Foreign currency monetary assets and liabilities are retranslated using the exchange rates at the balance sheet date. Gains and losses arising from changes in exchange rates after the date of the transaction are recognised in the Statement of comprehensive income. Non monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated at the exchange rate at the date of the original transaction.

In the financial statements, the net assets of the Group are translated into its presentation currency at the rate of exchange at the balance sheet date. Income and expense items are translated at the average rates for the period. The resulting exchange differences are recognised in equity and included in the translation reserve. The consolidated financial statements and company financial statements are presented in United States Dollars ($), which is the functional currency of the Company. Subsidiaries in the Group have a range of functional currencies including United States Dollars, UK Pound Sterling, Trinidad Dollars and Euros.

1 Summary of significant accounting policies (continued)

1.14 Leases

The Group leases various offices, warehouses, equipment and vehicles. Rental contracts are typically made for fixed periods of 6 months to 3 years, but may have extension options.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing; and
- makes adjustments specific to the lease, for example term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Notes to the financial statements for the year ended 31 December 2020 (continued)

1 Summary of significant accounting policies (continued)

1.15 Financial instruments

Financial assets
The Group classifies its financial assets as financial assets held at amortised cost. Management determines the classification of its financial assets at initial recognition.

The Group classifies its financial assets as financial assets held at amortised cost only if both of the following criteria are met:

– the asset is held within a business model whose objective is to collect the contractual cash flows; and

– the contractual terms give rise to cash flows that are solely payments of principal and interest.

Measurement
Financial assets held at amortised cost are initially recognised at fair value, and are subsequently stated at amortised cost using the effective interest method. Financial assets at amortised cost comprise ‘cash and cash equivalents’ at variable interest rates, ‘restricted cash’, escrowed and abandonment funds and ‘trade and other receivables’ excluding ‘prepayments’.

Impairment of financial assets
The Group assesses on a forward looking basis the expected credit losses associated with its financial assets held at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group applies the expected credit loss model to financial assets at amortised cost. Given the nature of the Group’s receivables, expected credit losses are not material.

Financial liabilities
The Group classifies its financial liabilities as other financial liabilities. Other financial liabilities are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method. Other financial liabilities consist of ‘trade and other payables’ and ‘lease liabilities’. Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

1.16 Cash and cash equivalents
Cash and cash equivalents includes cash on hand and deposits held at call with financial institutions with original maturities of three months or less. For the purposes of the statement of cash flow, restricted cash is not included within cash and cash equivalents.

1.17 Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are deducted, net of tax, from the proceeds. Net proceeds are disclosed in the statement of changes in equity.

1.18 Finance costs
Borrowing costs are recognised as an expense when incurred.

1.19 Borrowings
Borrowings are recognised initially at fair value, net of any applicable transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method (if applicable).

Interest on borrowings is accrued as applicable to that class of borrowing.

Convertible loans
Loans with certain conversion rights are identified as compound instruments with the liability and equity components separately recognised. The fair value of the liability component on initial recognition is calculated by discounting the contractual stream of future cash flows using the prevailing market interest rate for similar non-convertible debt. The difference between the fair value of the liability component and the fair value of the whole instrument is recorded as equity. Transaction costs are apportioned between the liability and the equity components of the instrument based on the amounts initially recognised. The liability component is subsequently measured at amortised cost using the effective interest rate method, in line with our other financial liabilities. The equity component is not remeasured. On conversion of the instrument, equity is issued and the liability component is derecognised. The original equity component recognised at inception remains in equity. No gain or loss is recognised on conversion.

1.20 Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, 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.

1 Summary of significant accounting policies (continued)

When the Group expects some or all of a provision to be reimbursed, 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 statement of comprehensive income net of any reimbursement.

1.21 Dividends

Dividends are reported as a movement in equity in the period in which they are approved by the shareholders.

1.22 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax, including overseas tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and adjusted to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the comprehensive statement of income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

1.23 Impairment of assets

At each balance sheet date, the Group assesses whether there is any indication that its tangible and intangible assets have been impaired. Evaluation, pursuit and exploration assets are also tested for impairment when reclassified to oil and natural gas assets. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use. The value in use is the present value of the future cash flows expected to be derived from an asset or cash generating unit. This present value is discounted using a pre tax rate that reflects current market assessments of the time value of money and of the risks specific to the asset, for which future cash flow estimates have not been adjusted. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is recognised as an impairment loss.

The Group’s impairment policy is to recognise a loss relating to assets carried at cost less any accumulated depreciation or amortisation immediately in the statement of comprehensive income.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination. Goodwill is tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. An impairment loss is recognised on cash-generating units, if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit by first reducing the carrying amount of any goodwill allocated to the cash generating unit, and then reducing the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount but limited to the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised in the statement of comprehensive income. Impairment losses on goodwill are not subsequently reversed.

Notes to the financial statements for the year ended 31 December 2020 (continued)

1 Summary of significant accounting policies (continued)

1.24 Employee benefits

Wages and salaries, annual leave and sick leave
Liabilities for wages and salaries, including non monetary benefits, expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Share-based payments
Where equity settled share-based instruments are awarded to employees or Directors, the fair value of the instruments at the date of grant is charged to the statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of instruments that eventually vest. Market vesting conditions are factored into the fair value of the instruments granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where equity instruments are granted to persons other than employees or Directors, the statement of comprehensive income is charged with the fair value of goods and services received.

Bonuses
The Group recognises a liability and an expense for bonuses. Bonuses are approved by the Board and a number of factors are taken into consideration when determining the amount of any bonus payable, including the recipient's existing salary, length of service and merit. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Pension obligations
For defined contribution plans, the Group pays contributions to privately administered pension plans. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due.

Termination benefits
Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to a termination and when the entity has a detailed formal plan to terminate the employment of current employees without the possibility of withdrawal. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

1.25 Segmental reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. The performance of operating segments is assessed on the basis of key metrics applicable, such as barrels of oil produced per day, "netbacks" per barrel, revenue and operating profit.

The Board has determined there is a single operating segment: oil and gas exploration, development and production however, there are four geographical segments: (Trinidad & Tobago, St Lucia & Suriname), Bahamas, (Cyprus, Netherlands, Spain & USA) and the (Isle of Man & UK), one of which is non-operating.

1.26 Share issue expenses and share premium account
Costs of share issues are written off against the premium arising on the issues of share capital.

1.27 Share based payments reserve
This reserve is used to record the value of equity benefits provided to employees and Directors as part of their remuneration and provided to consultants and advisors hired by the Group from time to time as part of the consideration paid.

1.28 Critical accounting estimates, judgements and assumptions
The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) *Recoverability of intangible oil and gas costs*
Costs capitalised as intangible assets are assessed for impairment when circumstances suggest that the carrying value may exceed its recoverable value. This assessment involves judgement as to the likely commerciality of the asset, the future revenues and costs pertaining and the discount rate to be applied for the purposes of deriving a recoverable value.

1 Summary of significant accounting policies (continued)

Expenditure of $76,055,348 relating to the cost of exploration licences, geological and geophysical consultancy, seismic data acquisition and interpretation and the drilling of exploration wells has been capitalised as at 31 December 2020 (2019: $50,569,263), being made up of $72,879,666 in exploration costs in the Bahamian offshore licences and $3,175,682 of costs over exploration licences in Trinidad. The Group's exploration activities are subject to a number of significant and potential risks including:

- licence obligations;
- requirement for further funding;
- geological and development risks; and
- political risk.

The recoverability of these intangible assets is dependent on the discovery and successful development of economic reserves, including the ability to raise finance to develop future projects or alternatively, sale of the respective licence areas. The carrying value of the Group's exploration and evaluation expenditure is reviewed at each balance sheet date and, if there is any indication that it is impaired, its recoverable amount is estimated. Estimates of impairment are limited to an assessment by the Directors of any events or changes in circumstances that would indicate that the carrying value of the asset may not be fully recoverable. Any impairment loss arising is charged to the statement of comprehensive income.

On 21 February 2019, the Group received notification from the Bahamian Government of the extension of the term of its four southern licences to 31 December 2020, with the requirement that the Company commence an exploration well before the end of the extended term. On 23 March 2020 the Group notified the Government of The Bahamas that, due to the impacts of the global response to the Covid-19 pandemic, a *force majeure* event had occurred under the terms of its exploration licences, such that the term of the licences were extended beyond 31 December 2020 commensurate with the duration of the *force majeure* event. In November 2020 the Group received formal notification by the Government of The Bahamas agreeing to an extension of these licences to 30 June 2021 as a result of the *force majeure* event.

On 20 December 2020, the Group commenced drilling of the Perseverance 1 exploration well in its Bahamas licence area, with drilling activity ceasing on 8 February 2021. Whilst the well did encounter hydrocarbons, commercial volumes of movable hydrocarbons were not present at the drilling location. The Group has undertaken an extensive review of the data extracted from the well to determine the extent to which this data indicates remaining prospectivity in the deeper, untested horizons, as well as horizons of interest at other locations along the B and C structures. The results of this review indicate that substantial prospectivity remains in sufficient potential volumes such that further exploration activity on these licences is merited. On the basis of the revised prospect volume inventory for these untested horizons and structures, the Group has undertaken an exercise to determine whether the present value of any future economic benefit which may be derived from hydrocarbon extraction from these licences is sufficient to support the carrying value of the capitalised costs as at 31 December 2020. Following this review, the Group has determined that the present value of these future economic benefits exceeds the carrying value of this asset and that consequently no impairment of this asset is required.

In March 2021, the Group notified the Government of The Bahamas of its election to renew the four southern licences into a further three year exploration period, having discharged the licence obligation to drill an exploration well before the expiry of the current licence period on 30 June 2021. The Group remains in discussions with the Government regarding renewal of these licences and the level of licence fees which remain to be paid for the current period and which would be payable for the renewed licence period. On formal renewal of the licences by the Government, the key licence obligation for the new three year period will be the drilling of a further exploration well within the licence area before the expiry of the renewed licence term.

The ability of the Group to discharge its obligation to commence a well prior to the end of the renewed licence period will be contingent on securing the funding required to execute a second exploration well. To this end, the Group has commenced discussions with various industry operators regarding entering into a joint venture partnership or farm out to fund ongoing work leading to a second well, such that the Directors consider that the Group will be able to discharge the licence requirement of a further exploration well within the renewed term of the licences.

In June 2021 the Group notified the Government of The Bahamas that it did not intend to further discussions regarding renewal of the Miami licence area, against which capitalised costs totalling $0.4 million are being held as at 31 December 2020. As this development represents a non adjusting post balance sheet event, the Group will impair these costs in full in the financial statements to 31 December 2021.

Capitalised exploration costs in the Group's Trinidad operations consist primarily of the Bonasse licence area in the South West Peninsula of Trinidad. The Group has undertaken a review to determine if there are any indications that the carrying value of these assets may exceed the present value of any future economic benefit derived from hydrocarbon production. On 26 May 2021 the Group commenced the drilling of the Saffron 2 exploration well in this licence area, which was completed in July 2021, although production testing remains ongoing. Initial results of this well indicate that commercially available volumes of hydrocarbons are likely to exist within the prospective structures, however further exploration activity is required to fully delineate the potential reserves present in the structures. The Group has therefore determined that there is no indication that the carrying value of this asset is impaired as at 31 December 2020.

Notes to the financial statements for the year ended 31 December 2020 (continued)

1 Summary of significant accounting policies (continued)

1.28 Critical accounting estimates, judgements and assumptions continued

(ii) Going concern

These financial statements have been prepared on a going concern basis, which assumes that the Group will continue in operation for the foreseeable future.

As at the reporting date, the Group had $17.9 million in unrestricted cash funding, and access to financing facilities, include a share subscription facility and a convertible loan facility for up to £22.5 million (approx. $31.5 million) in additional funding, of which £6.75 million (approx. $9.5 million), before costs, was drawn down post year end.

On 24 March 2021 the Group reported that the final cost of the Perseverance-1 exploration well, following extensive drilling delays due to equipment failures and additional unforeseen costs relating to Covid-19 management protocols, was approx. $45 million, representing an additional $10 million than originally anticipated. The Group has entered into a series of agreements with the suppliers to the well for structured payment plans over the course of 2021 in order to facilitate the orderly settlement of these liabilities.

On 27 May 2021, the Group raised approx. $9.75 million in additional funding by way of an open offer to the Company shareholders and a placing to certain institutional investors, providing the resources required to ensure the Group could continue to invest in its exploration assets, namely through the drilling of the Saffron 2 well in Trinidad Bonasse licence area, whilst continuing to meet its financial obligations as they fall due.

The Group's ability to meet all of its anticipated obligations over the 12 months from the date of this report is dependent on the ability to secure access to additional funding. The Group currently estimates that it has a need for approx. $15 million in additional funding in order to continue to meet its obligations as and when they fall due over the 12 months from the date of this report. This includes meeting routine operating costs, undertaking certain planned work program activities, and also includes settlement of final remaining payments to suppliers and finance providers from the drilling campaigns for both the Perseverance-1 well in The Bahamas and the Saffron-2 well in Trinidad.

In order to meet this funding requirement, the Group has been and continues to evaluate a number of potential funding options. This includes a potential $10 million convertible loan note facility with Arena Investors LP, consideration of Reserve-Based Lending options, the potential disposal of certain assets for cash, potential farming out of an interest in certain of the Group's exploration and/or production licences which would result in some cash inflows and funding of work program plans in relation to those assets, possible further issuances of securities and/or debt instruments for cash, agreeing payment plans for the deferral of outstanding obligations to suppliers and finance providers, and/or settlement of all or part of outstanding obligations to suppliers and finance providers via the issuance of Company shares.

As at the date of this report, the Group remains actively engaged in developing and reviewing all of the above potential sources of additional funding. At the same time, the Group is undertaking work necessary to materially reduce overhead and general operating costs, whilst at the same time maximising production revenues from existing producing oil fields, in the expectation of being able to generate surplus operating cashflows in the 12 months from the date of this report, which surplus cashflows could then be applied towards the Group's overall funding requirements.

While there can be no certainty as to the availability of funding, given the range of funding options available, and given the Group's track record in being able to secure funding as and when required, the Group is confident that it will be able to successfully conclude one or any combination of the above-noted funding options, as well as maximise production cashflows and actively manage the schedule of cash outflows, such that the Group will be able to continue to meet its financial obligation as and when they fall due for the 12 months following the date of this report. As a consequence, the directors are satisfied that the going concern principle remains appropriate for the preparation of these financial statements. However, as outlined above, these conditions, which include the need to obtain additional funding from one or more of a number of potential sources, which is not entirely within the Group's control, indicates the existence of a material uncertainty which may cast significant doubt on the Group and Company's ability to continue as a going concern. The financial statements do not include the adjustments that would be required if the Group and Company were unable to continue as a going concern

Following the outbreak of the Covid-19 global pandemic, the Group has implemented remote working procedures across all of its teams and operations to ensure the ongoing safety of its staff and consultants. As a consequence, the Group does not consider the Covid-19 pandemic to have any material impact on its operations.

1 Summary of significant accounting policies (continued)

(iii) Recoverability of investment in subsidiary and amounts owed by subsidiary undertakings in the Company statement of financial position
The investment in the Company's direct subsidiaries and amounts owed by subsidiary undertakings at 31 December 2020 stood at $50,939,743 (2019: $29,560,456) and $83,838,284 (2019: $66,721,08) respectively.

Ultimate recoverability of investments in subsidiaries and amounts owed by subsidiary undertakings is dependent on successful development and commercial exploitation, or alternatively, sale of the respective licence areas. The carrying value of the Company's investments in subsidiaries is reviewed at each balance sheet date and, if there is any indication of impairment, the recoverable amount is estimated. Estimates of impairments are limited to an assessment by the directors of any events or changes in circumstances that would indicate that the carrying values of the assets may not be fully recoverable. Similarly, the expected credit losses on the amounts owed by subsidiary undertakings are intrinsically linked to the recoverable amount of the underlying assets. Any impairment losses arising are charged to the statement of comprehensive income.

At 31 December 2020 a loss allowance for expected credit losses of $7,171,198 (2019: nil) was held in respect of the recoverability of amounts due from subsidiary undertakings.

(iv) Fair value of assets and liabilities acquired in business combination
On 7 August 2020, the Company completed a merger with Columbus Energy Resources PLC (CERP), effected by means of a Court sanctioned scheme of arrangement under Part 26 of the UK Companies Act 2006 (the "Scheme"). Pursuant to the Scheme, a total of 757,261,511 new ordinary shares in the Company were issued and allotted to holders of CERP shares. In accounting for this transaction under the acquisition method, the directors have estimated the fair value of the identified assets and liabilities acquired by reference to market data points and industry valuation standard practices.

See note 15 for summary of the fair values of the identifiable assets and liabilities of the CERP Group as at the date of acquisition.

1.29 Earnings per share
Basic earnings per share is calculated as net profit attributable to members of the parent company, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent company, adjusted for:

(i) Costs of servicing equity (other than dividends) and preference share dividends;

(ii) The post-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and

(iii) Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

1.30 Investment in Subsidiary in the Company statement of financial position
Investments in subsidiaries are recognised at initial cost of acquisition, less any impairment to date.

Notes to the financial statements for the year ended 31 December 2020 (continued)

2 Turnover and segmental analysis

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Board has determined there is a single operating segment: oil and gas exploration, development and production. However, there are five geographical segments: Trinidad & Tobago & Suriname (operating), The Bahamas (operating), The Isle of Man and UK (non-operating, corporate), and Uruguay, Spain, Cyprus, Netherlands & USA (all non-operating).

The segment including Trinidad & Tobago has been reported as the Group's direct oil and gas producing and revenue generating operating segment. The Bahamas segment includes The Bahamian exploration licences on which drilling activities were conducted in 2020. The segment including the Isle of Man is the Group's parent, and provides management service to the Group. The entities in Uruguay, St Lucia, Cyprus, Spain, the Netherlands, and the U.S.A. are non-operating in that they either hold investments, or are dormant, or in the case of Uruguay has not yet commenced operations. Their results are consolidated and reported on together as a single segment.

Year ended 31 December 2020	Operating Trinidad & Suriname $ 000's	Operating Bahamas $ 000's	Management IOM/UK (*) $ 000's	Non-operating $ 000's	Total $ 000's
Operating profit/(loss) by geographical area					
Net petroleum revenue (**)	1,417	–	–	–	1,417
Operating profit/(loss)	(3,081)	(2,167)	(8,103)	(209)	(13,560)
Other income	–	–	3	–	3
Finance (charges)	(96)	(21)	(511)	–	(628)
Finance income	–	–	202	–	202
Loss before taxation	**(3,177)**	**(2,188)**	**(8,409)**	**(209)**	**(13,983)**
Other information					
Depreciation, amortisation and impairment	(1,529)	(197)	(2,466)	(16)	(4,208)
Capital additions	78	22,441	79	–	22,598
Segment assets					
Tangible and intangible assets	27,985	73,000	4,703	61	105,749
Investment in associate	47	–	–	–	47
Deferred tax asset	8,975	–	–	–	8,975
Abandonment fund	1,297	–	–	–	1,297
Trade and other receivables	3,123	1,882	285	23	5,313
Inventories	172	–	–	–	172
Restricted cash	889	–	57	–	946
Cash	577	97	17,177	11	17,862
Consolidated total assets	**43,065**	**74,979**	**22,222**	**95**	**140,361**
Segment liabilities					
Trade and other payables	(8,979)	(8,738)	(802)	(101)	(18,620)
Borrowings	(1,017)	–	(1,120)	–	(2,137)
Deferred tax liability	(8,974)	–	–	–	(8,974)
Lease liabilities	(41)	(51)	(13)	–	(105)
Provisions	(3,562)	–	–	(2,752)	(6,314)
Consolidated total liabilities	**(22,573)**	**(8,789)**	**(1,935)**	**(2,853)**	**(36,150)**

2 Turnover and segmental analysis (continued)

Year ended 31 December 2019	Management IOM $'000	Operating Bahamas $'000	Total $'000
Operating profit/(loss) by geographical area			
Net petroleum revenue	–	–	–
Operating profit/(loss)	(3,157)	(1,446)	(4,603)
Other income	1	–	1
Finance income	39	–	39
Finance (charges)	(48)	(21)	(69)
Profit/(loss) before taxation	**(3,165)**	**(1,467)**	**(4,632)**
Other information			
Depreciation and amortisation	(24)	(214)	(238)
Capital additions	3	2,091	2,094
Segment assets			
Tangible and intangible assets	43	50,756	50,799
Trade and other receivables	224	634	858
Restricted cash	26	–	26
Cash	11,100	52	11,152
Consolidated total assets	**11,393**	**51,442**	**62,835**
Segment liabilities			
Trade and other payables	(1,947)	(5)	(1,952)
Lease liabilities	(28)	(177)	(205)
Consolidated total liabilities	**(1,975)**	**(182)**	**(2,157)**

(*) Intercompany balances and transactions between Group entities have been eliminated.

(**) Sales revenues were derived from a single customer within each of these operating countries.

3 Operating loss – Group

	2020 $ 000's	2019 $ 000's
Operating loss is arrived at after charging:		
Fees payable to the Company's auditors and its associates for:		
– the audit of the Company and Group financial statements	315	75
– non-audit related services	48	1
Directors' emoluments – fees and benefits (*)	1,693	711
Impairment of goodwill (**)	2,435	–
Depreciation (***)	1,660	239
Amortisation	113	–

(*) See note 7 for further details.

(**) See note 10 for further details.

(***) Depreciation of certain oil and gas assets of $863K (2019: $-) has been recognised within cost of sales.

	2020 $ 000's	2019 $ 000's
Administrative expenses		
Staff costs – cash	1,521	1,237
Staff costs – share settled (note 24)	1,425	–
Travel and accommodation	206	318
Professional fees – cash	3,324	1,576
Professional fees – share settled (note 24)	1,030	–
Depreciation and amortisation	660	239
Share based payments	360	1,048
Other	1,267	204
Total	**9,793**	**4,622**

Notes to the financial statements for the year ended 31 December 2020 (continued)

4 Employee information (excluding Directors') – Group

	2020 $ 000's	2019 $ 000's
Staff costs:		
Wages and salaries – cash	1,182	599
Wages and salaries – share settled (note 24)	433	–
IFRS 2 charges	43	744
Other staff costs	417	125
Total	**2,075**	**1,468**

5 Taxation – Group

	2020 $ 000's	2019 $ 000's
Analysis of tax charge in the year		
Tax charge on ordinary activities	**9**	–
Factors affecting the tax charge for the year:		
Loss on ordinary activities before tax	13,983	4,632
Standard rate of corporation tax in the IOM	–%	–%
Loss on ordinary activities multiplied by the standard rate of corporation tax	–	–
Effects of:		
Overseas tax on profits	9	–
Current tax charge for the year	**9**	**–**

Deferred tax:
The net deferred tax balances solely relates to the Company's Trinidad operations. The components of the asset and liability for the years ended 31 December 2020 and 2019 were as follows:

	2020 $ 000's	2019 $ 000's
Columbus acquisition balances:		
Losses carried forward	9,273	–
Leased property	1	–
Deferred tax asset recognised at acquisition (note 15)	**9,274**	**–**
Adjustment to losses carried forward	(299)	–
Deferred tax asset	**8,975**	**–**
Columbus acquisition balances:		
Property and equipment	9,273	–
Deferred tax liability recognised at acquisition (note 15)	**9,273**	**–**
Adjustment to property and equipment	(299)	–
Deferred tax liability	**8,974**	**–**

Deferred tax assets arise on recognition of deferred tax liabilities which arise on taxable temporary differences. As these temporary differences unwind, release of the deferred tax liabilities creates a taxable profit against which deferred tax assets are utilised. As at the 31 December 2020 the Group had an unrecognised deferred tax asset of $47.7m calculated at 47.7% (weighted average across taxable entities) in respect of $100.5m. The deferred tax asset was not recognised as there was insufficient evidence to suggest that it would be recoverable in future periods.

The recognition of movements in deferred tax assets and deferred tax liabilities in the statement of comprehensive income for the year have given rise to a net charge of nil (2019: nil).

6 Dividends

During the year, no dividends were paid or proposed by the Directors (2019: nil).

7 Directors' remuneration – Group

	2020 $ 000's	2019 $ 000's
Directors' remuneration	1,693	711

	Cash payments $ 000's	Other $ 000's	Share based payments $ 000's	*Share-settled payments $ 000's	Total $ 000's
2020					
Executive Directors					
Simon Potter	450	24	40	739	1,253
Non-Executive Directors					
William Schrader	27	–	28	80	135
James Smith	18	–	18	52	88
Adrian Collins	21	–	22	61	104
Ross McDonald	18	–	18	52	88
Leo Koot	17	–	–	8	25
	551	**24**	**126**	**992**	**1,693**

* Represents the fair value of shares issued to directors during the year in settlement of deferred salary and fees, less the total value of accrued salaries and fees on the date of settlement. See note 24 for further details.

	Cash payments $ 000's	Deferred remuneration – cash $ 000's	Share based payments $ 000's	Total $ 000's
2019				
Executive Directors				
Simon Potter	375	–	20	395
Non-Executive Directors				
William Schrader	8	37	39	84
James Smith	6	24	25	55
Adrian Collins	6	29	33	68
Ross McDonald	6	24	25	55
Edward Shallcross	6	24	24	54
	407	**138**	**166**	**711**

8 Loss per share – Group

The calculation of loss per share is based on the loss after taxation divided by the weighted average number of shares in issue during the year:

	2020	2019
Loss for the year attributable to equity holders of the parent company ($ 000's)	(13,992)	(4,632)
Weighted average number of ordinary shares used in calculating basic loss per share (millions)	2,895	1,725
Basic loss per share (expressed in cents)	(0.5)	(0.27)

Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company had one category of dilutive potential ordinary shares: share options/warrants. For these share options/warrants, a calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options/warrants. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options/warrants. Share options/warrants outstanding at the reporting date were as follows:

	2020	2019
Total share options and warrants in issue (number) (see note 24)	486,159,599	200,357,073

As the inclusion of potentially issuable ordinary shares would result in a decrease in the loss per share, they are considered to be anti-dilutive and as such, a diluted loss per share is not included.

Notes to the financial statements for the year ended 31 December 2020 (continued)

9 Finance costs/(income) – Group

	2020 $ 000's	2019 $ 000's
Finance costs	**628**	**69**
Finance income – Interest received	**(202)**	**(39)**

10 Intangible assets – Group

	Goodwill $ 000's	2020 Exploration & evaluation assets $ 000's
Cost		
As at 1 January 2020	–	50,570
Acquisition of Columbus Energy Resources PLC (note 15)	7,045	2,492
Additions	–	22,310
Foreign exchange difference on translation	–	–
As at 31 December 2020	**7,045**	**75,372**
Accumulated amortisation and impairment		
As at 1 January 2020	–	–
Amortisation	–	113
Impairment	2,435	–
Foreign exchange difference on translation	–	–
As at 31 December 2020	**2,435**	**113**
Net book value		
As at 31 December 2020	**4,610**	**75,259**
As at 31 December 2019	–	50,570

Impairment review

The Directors carried out an impairment review of the intangible assets, including goodwill, to determine whether the carrying value of these assets exceeded their fair value. This assessment was undertaken by reference to various market data points and industry valuation standards, including, where applicable, estimations of open market disposal values. Following this exercise, the directors have determined that no impairment of exploration & evaluation assets is required at the balance sheet date and an impairment of $2,435,000 has been recognised to goodwill arising on acquisition at the balance sheet date, which has been recognised in the statement of comprehensive income for the year.

Intangible assets – Group

	2019 Exploration & evaluation assets $ 000's
Cost	
As at 1 January 2019	48,515
Additions	2,055
Foreign exchange difference on translation	–
As at 31 December 2019	**50,570**
Net book value	
As at 31 December 2019	**50,570**
As at 31 December 2018	48,515

11 Tangible assets

	Oil and gas assets $ 000's	Property, plant and equipment (*) $ 000's	Decom-missioning costs $ 000's	Group Total $ 000's	2020 Company Property, plant and equipment (*) $ 000's
Cost or Valuation					
As at 1 January 2020	–	450	–	450	100
Acquisition of Columbus Energy Resources PLC (note 15)	23,412	1,671	1,994	27,077	–
Additions	59	169	–	228	78
Disposals	(72)	(33)	–	(105)	(1)
Foreign exchange difference on translation	(1)	1	1	1	–
As at 31 December 2020	**23,398**	**2,258**	**1,995**	**27,651**	**177**
Accumulated depreciation and Impairment					
As at 1 January 2020	–	419	–	419	84
Depreciation	1,113	197	136	1,446	16
Disposals	–	(1)	–	(1)	(1)
Foreign exchange difference on translation	2	1	1	4	–
As at 31 December 2020	**1,115**	**616**	**137**	**1,868**	**99**
Net book value					
As at 31 December 2020	**22,283**	**1,642**	**1,858**	**25,783**	**78**
As at 31 December 2019	–	31	–	31	16

	Oil and gas assets $ 000's	Property, plant and equipment (*) $ 000's	Decom-missioning costs $ 000's	Group Total $ 000's	2019 Company Property, plant and equipment (*) $ 000's
Cost or Valuation					
As at 1 January 2019	–	464	–	464	97
Additions	–	7	–	7	3
Disposals	–	(21)	–	(21)	–
As at 31 December 2019	**–**	**450**	**–**	**450**	**100**
Accumulated depreciation and Impairment					
As at 1 January 2019	–	418	–	418	75
Depreciation	–	20	–	20	9
Disposals	–	(19)	–	(19)	–
As at 31 December 2019	**–**	**419**	**–**	**419**	**84**
Net book value					
As at 31 December 2019	**–**	**31**	**–**	**31**	**16**
As at 31 December 2018	–	46	–	46	22

(*) Property, plant and equipment includes leasehold improvements.

Notes to the financial statements for the year ended 31 December 2020 (continued)

12 Right of use assets

	Group leased properties $ 000's	Group motor vehicles $ 000's	2020 Total Group $ 000's	2020 Company leased properties $ 000's
Cost				
As at 1 January 2020	355	62	417	42
Acquisition of Columbus Energy Resources PLC (note 15)	53	–	53	–
Additions	60	–	60	–
Foreign exchange difference on translation	–	–	–	–
As at 31 December 2020	**468**	**62**	**530**	**42**
Accumulated depreciation				
As at 1 January 2020	206	13	219	15
Depreciation	192	22	214	15
Foreign exchange difference on translation	–	–	–	–
As at 31 December 2020	**398**	**35**	**433**	**30**
Net book value				
As at 31 December 2020	**70**	**27**	**97**	**12**
As at 31 December 2019	149	49	198	27

	Group leased properties $ 000's	Group motor vehicles $ 000's	2019 Total Group $ 000's	2019 Company leased properties $ 000's
Cost				
As at 1 January 2019	353	32	385	42
Additions	2	30	32	–
As at 31 December 2019	**355**	**62**	**417**	**42**
Accumulated depreciation				
As at 1 January 2019	–	–	–	–
Depreciation	206	13	219	15
As at 31 December 2019	**206**	**13**	**219**	**15**
Net book value				
As at 31 December 2019	**149**	**49**	**198**	**27**
As at 31 December 2018	353	32	385	42

13 Investment in associate – Group

	2020 $ 000's	2019 $ 000's
Cost		
As at 1 January	–	–
Acquisition of Columbus Energy Resources PLC (note 15)	47	–
As at 31 December	**47**	**–**

Challenger Energy Group PLC, the parent company of the Group, holds 25% of the share capital of the following company:

Company	Country of registration	Proportion held	Nature of business
Indirect			
Via Leni Trinidad Ltd			
Beach Oilfield Limited	Trinidad & Tobago	25%	Oil and Gas Production and Exploration Company

14 Investment in subsidiaries

	2020 $ 000's	2019 $ 000's
Company		
Cost		
As at 1 January	29,560	29,560
Acquisition of Columbus Energy Resources PLC (note 15)	21,380	–
Disposals	–	–
As at 31 December	**50,940**	**29,560**

Challenger Energy Group PLC, the parent company of the Group, holds 100% of the share capital of the following companies:

Company	Country of registration	Proportion held	Nature of business
Direct			
BPC (A) Limited	Isle of Man	100%	Holding Company
BPC (B) Limited	Isle of Man	100%	Holding Company
BPC (C) Limited	Isle of Man	100%	Holding Company
BPC (D) Limited	Isle of Man	100%	Holding Company
BPC (A) Limited	Bahamas	100%	Oil and Gas Production and Exploration Company
Columbus Energy Resources Limited	England & Wales	100%	Holding Company
Indirect			
BPC Limited	Bahamas	100%	Investment Company
BPC (B) Limited	Bahamas	100%	Investment Company
BPC (C) Limited	Bahamas	100%	Investment Company
BPC (D) Limited	Bahamas	100%	Investment Company
BPC (E) Limited	Bahamas	100%	Investment Company
Bahamas Offshore Petroleum Ltd	Bahamas	100%	Investment Company
Island Offshore Petroleum Ltd	Bahamas	100%	Investment Company
Sargasso Petroleum Ltd	Bahamas	100%	Investment Company
Privateer Petroleum Ltd	Bahamas	100%	Investment Company
Columbus Oil & Gas Limited	Bahamas	100%	Investment Company
Columbus Energy Holdings Ltd	Cyprus	100%	Holding Company
Columbus Energy Resources South America B.V.	Netherlands	100%	Holding Company (for Suriname Branch)
Via Columbus Energy Holdings Ltd			
Columbus Energy CPS (Cyprus) Ltd	Cyprus	100%	Investment Company
Columbus Energy Byron Ltd	Cyprus	100%	Investment Company
Columbus Energy (Cyprus) Ltd	Cyprus	100%	Investment Company
Columbus Energy Investments Ltd	Cyprus	100%	Investment Company
Via Columbus Energy CPS (Cyprus) Ltd			
Compañia Petrolifera de Sedano S.L.U.	Spain	100%	Oil and Gas Production and Exploration Company
Via Columbus Energy Byron Ltd			
Leni Gas and Oil US Inc.	United States	100%	Dormant Company
Via Columbus Energy (Cyprus) Ltd			
Columbus Energy (St Lucia) Ltd	St Lucia	100%	Investment Company
Via Columbus Energy (St Lucia) Ltd			
Leni Trinidad Ltd	Trinidad & Tobago	100%	Oil and Gas Production and Exploration Company
Columbus Energy Services Ltd	Trinidad & Tobago	100%	Oil and Gas Services Company
Goudron E&P Ltd	Trinidad & Tobago	100%	Oil and Gas Production and Exploration Company
Columbus Energy Bonasse Limited	Trinidad & Tobago	100%	Oil and Gas Production and Exploration Company
Caribbean Rex Ltd	St Lucia	100%	Investment Company
Steeldrum Oil Company Inc	St Lucia	100%	Investment Company
Steeldrum Petroleum Group Ltd	Trinidad & Tobago	100%	Investment Company
FRAM Exploration (Trinidad) Ltd	Trinidad & Tobago	100%	Oil and Gas Production and Exploration Company
Jasmin Oil & Gas Ltd	Trinidad & Tobago	100%	Oil and Gas Production and Exploration Company
Cory Moruga Holdings Ltd	Trinidad & Tobago	100%	Oil and Gas Production and Exploration Company
West Indian Energy Group Ltd	Trinidad & Tobago	100%	Oil and Gas Services Company
T-REX Resources (Trinidad) Ltd	Trinidad & Tobago	100%	Oil and Gas Production and Exploration Company

Notes to the financial statements for the year ended 31 December 2020 (continued)

15 Business combination

Acquisition in 2020
On 7 August 2020, the Company completed a merger with Columbus Energy Resources PLC, effected by means of a Court sanctioned scheme of arrangement under Part 26 of the UK Companies Act 2006 (the "Scheme"). Pursuant to the Scheme, a total of 757,261,511 new ordinary shares of the Company were issued and allotted to holders of CERP shares.

Assets acquired and liabilities assumed
The fair values of the identifiable assets and liabilities of the Columbus Energy Group as at the date of acquisition were:

	Fair value recognised on acquisition $ 000's
Assets	
Cash and cash equivalents	1,039
Restricted cash	911
Trade and other receivables	3,086
Inventories	154
Investment in associate (note 13)	47
Right of use assets (note 12)	53
Property, plant and equipment and decommissioning costs (note 11)	3,665
Oil and gas properties (note 11)	23,412
Intangible assets (note 10)	2,492
Abandonment fund	1,257
Deferred Tax Asset (note 5)	9,274
	45,390
Liabilities	
Trade and other payables	(12,281)
Lease liabilities (note 20)	(56)
Provisions (Note 22)	(6,169)
Borrowings	(3,276)
Deferred tax liability (note 5)	(9,273)
	(31,055)
Total identifiable net assets at fair value	**14,335**
Goodwill (note 10)	7,045
Purchase consideration transferred (shares issued at fair value)	**21,380**
Analysis of cash flows on acquisition	
Net cash acquired with the subsidiary (included in cash flows from investing activities)	1,039
Net cash flow on acquisition	**1,039**

The fair value of the trade receivables amounts to $251,973. The gross amount of trade receivables is $251,973 and it is expected that the full contractual amounts can be collected.

Goodwill arising on acquisition is attributable to the Group's enhanced strength following the creation of a portfolio of operations in varying jurisdictions and in various stages of the hydrocarbon value cycle.

From the date of acquisition, Columbus Energy Resources PLC contributed $1,417,000 of revenue and $4,149,000 of loss before tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been $3,507,000 and loss before tax from continuing operations for the Group would have been $28,251,000.

16 Trade and other receivables

	2020		2019	
	Group $ 000's	Company $ 000's	Group $ 000's	Company $ 000's
Current trade and other receivables				
Trade and other receivables	291	–	–	–
VAT receivable (*)	1,468	101	48	48
Other receivables (**)	1,447	92	80	79
Prepayments	2,092	45	729	97
Other deposits	15	–	1	–
Total	**5,313**	**238**	**858**	**224**
Non-current trade and other receivables				
Escrow and Abandonment funds (***)	1,297	–	–	–
Loans due from subsidiaries (****)	–	83,839	–	66,721
Total	**1,297**	**83,839**	**–**	**66,721**

(*) VAT receivable is stated at fair value, after expected credit loss allowances totalling $139,000, which have been recognised in the year (2019: nil).

(**) Other receivables predominantly comprises balances owing from joint venture partners in Trinidad.

(***) Pursuant to certain production and exploration licences, the Company is obligated to remit payments into an Escrow Fund and a separate Abandonment fund based on production, amounts paid vary by licence. The Company remits US$0.25 per barrel of crude oil sold (Escrow fund), and between US$0.28 to US$1.00 (varying by licence) to an abandonment fund and the funds will be used for the future abandonment of wells in the related licenced area.

(****) The loans due from subsidiaries are interest free and repayable on demand. At 31 December 2020 a loss allowance for expected credit losses of $7,171,198, which have been recognised in the year (2019: nil), was held in respect of the recoverability of amounts due from subsidiary undertakings.

17 Restricted cash

	2020		2019	
	Group $ 000's	Company $ 000's	Group $ 000's	Company $ 000's
Credit card security	77	27	26	26
Licence related bonds	469	30	–	–
Bank deposits	400	–	–	–
Total	**946**	**57**	**26**	**26**

Bank deposits consist of funds held as security for bank loans in Trinidad. Funds restricted against licence related bonds consist of $30,000 relating to the Group Uruguay licence and $439,000 relating to the Group's licences in Trinidad. Amounts held at the year end have been classified as current as they may be recovered at any point following cancellation of the associated corporate credit card facilities, discharge of the relevant licence obligation or cancellation of the relevant licence and repayment of the relevant bank loans.

18 Inventories

	2020		2019	
	Group $ 000's	Company $ 000's	Group $ 000's	Company $ 000's
Crude Oil	60	–	–	–
Consumables	112	–	–	–
Total	**172**	**–**	**–**	**–**

The increase in inventories from the date of acquisition to the balance sheet date recognised in the statement of comprehensive income for the year is $18,000 (2019: nil).

Notes to the financial statements for the year ended 31 December 2020 (continued)

19 Trade and other payables

	2020		2019	
	Group $ 000's	Company $ 000's	Group $ 000's	Company $ 000's
Current trade and other payables				
Trade and other payables	5,353	72	1,161	1,159
Accruals	13,267	432	791	787
Total	**18,620**	**504**	**1,952**	**1,946**

Included in the above for the Group is $8,094,000 of payables relating to exploration and evaluation activity in the year (2019: $1,059,000).

20 Lease liabilities

	2020		2019	
	Group $ 000's	Company $ 000's	Group $ 000's	Company $ 000's
As at 1 January	205	28	–	–
Acquisition of Columbus Energy Resources PLC (note 15)	56	–	–	–
Additions	60	–	417	42
Accretion of interest	17	1	23	2
Payments	(233)	(16)	(235)	(16)
As at 31 December	**105**	**13**	**205**	**28**
Current	105	13	161	15
Non-current	–	–	44	13

Set out above are the carrying amounts of lease liabilities and the movements during the period.

The following are the amounts recognised in profit or loss:

	2020		2019	
Lease liabilities	Group $ 000's	Company $ 000's	Group $ 000's	Company $ 000's
Depreciation expense of right-of-use assets	214	15	219	15
Interest expense on lease liabilities	17	1	23	2
Expense relating to short-term leases	13	–	–	–
As at 31 December	**244**	**16**	**242**	**17**

The Group has elected not to recognise right of use assets and lease liabilities for short term leases lease term of 12 months or less and leases for low value assets. The Group will recognise the payments associated with these leases as expenses on a straight-line basis over the lease term.

21 Borrowings

	2020		2019	
	Group $ 000's	Company $ 000's	Group $ 000's	Company $ 000's
Current borrowings				
Secured loan [2]	27	–	–	–
Unsecured loan 3	249	–	–	–
Secured loan 4	17	–	–	–
Secured loan 5	132	–	–	–
Secured loan 6	62	–	–	–
Unsecured loan 7	11	–	–	–
Total	**498**	**–**	**–**	**–**

21 Borrowings (continued)

	2020		2019	
	Group $ 000's	Company $ 000's	Group $ 000's	Company $ 000's
Non-current borrowings				
Convertible loan [1]	1,120	1,120	–	–
Secured loan 2	54	–	–	–
Secured loan 4	6	–	–	–
Secured loan 5	200	–	–	–
Secured loan 6	259	–	–	–
Total	**1,639**	**1,120**	**–**	**–**

1 Bizzell convertible loan – On 29/30 December 2020, the Company drew down £1.11m of a £3m first tranche of a convertible loan previously agreed with Bizzell Capital Partners Pty Ltd. Tranche 1 has a face value of £3m and total fair value, after deduction of all facility costs, of £2.8m. The term of the loan is 3 years from the date of draw down of each Tranche. The holder has the right, at any time prior to maturity, to elect to convert the Notes (principal plus any accrued interest) into fully paid ordinary shares in the Company. Initially, the conversion price was set at a 25% premium to the price of the Company's next capital raising (if any) or at 6p per share, whichever is the lower. Subsequently, in February 2021 the conversion price was amended by agreement to 0.8p per share. The fair value of the debt component amounting to $1,120,000 has been recognised as a non-current financial liability in non-current liabilities. The equity component to the facility amounting to $396,000 has been recognised at fair value under equity reserves. The remainder of the £3m Tranche 1 was fully drawn down in 2021, with £2.5m of this amount converted into ordinary shares in May 2021, leaving a remaining principal outstanding of £0.5m as at the date of this report.

2 The loan was issued by RBC Royal Bank Limited in June 2015. Repayments are over 7 years and the loan is denominated in Trinidad Dollars.

3 The loan was issued by BNP Paribas in 2015. In December 2016, the outstanding balance of US$2.6m was refinanced and retired, and all security was removed, leaving a final unsecured payment of US$0.25m due on 31 December 2019. In November 2020 this loan balance was refinanced with the outstanding balance to be repaid over one year commencing in February 2021. The loan is denominated in US Dollars.

4 The loan was issued by Ansa Merchant Bank Limited in May 2018. Repayments are over 4 years and the loan is denominated in Trinidad Dollars.

5 In December 2019 the Group drew down on a new working capital loan facility with Republic Bank Limited. Repayments are over 3 years with the final payment due in November 2022. The loan is denominated in Trinidad Dollars.

6 In July 2019 the Group drew down on a new working capital loan facility (New Sunchit Loan). Repayments are over 5 years with the final payment due in June 2024. The loan is denominated in Trinidad Dollars.

7 In January 2020 the Group drew down on a new working capital facility (Solution One). Repayments are over 1 year and the loans are denominated in Trinidad Dollars.

The carrying amounts of all the borrowings approximate to their fair value.

	Group			
Net debt reconciliation	Borrowings $ 000's	Leases $ 000's	Cash $ 000's	Total $ 000's
As at 1 January 2019	**–**	**(385)**	**2,221**	**1,836**
Cashflows	–	212	8,900	9,112
Acquisition – leases	–	(30)	–	(30)
Foreign exchange adjustments	–	–	31	31
Other changes	–	(2)	–	(2)
Net funds as at 31 December 2019	**–**	**(205)**	**11,152**	**10,947**
As at 1 January 2020	**–**	**(205)**	**11,152**	**10,947**
Acquisition of Columbus Energy Resources PLC (note 15)	(3,276)	(56)	1,039	(2,293)
Cash flows	1,179	216	5,491	6,886
Acquisition – leases	–	(60)	–	(60)
Foreign exchange adjustments	(40)	–	180	140
As at 31 December 2020	**(2,137)**	**(105)**	**17,862**	**15,620**

Notes to the financial statements for the year ended 31 December 2020 (continued)

21 Borrowings (continued)

Net debt reconciliation

	Company			
	Borrowings $ 000's	Leases $ 000's	Cash $ 000's	Total $ 000's
As at 1 January 2019	**–**	**(42)**	**2,181**	**2,139**
Cashflows	–	14	8,888	8,902
Foreign exchange adjustments	–	–	31	31
Net funds as at 31 December 2019	**–**	**(28)**	**11,100**	**11,072**
As at 1 January 2020	**–**	**(28)**	**11,100**	**11,072**
Cash flows	(1,120)	15	5,917	4,812
Foreign exchange adjustments	–	–	143	143
As at 31 December 2020	**(1,120)**	**(13)**	**17,160**	**16,027**

22 Provisions – Group

	Decommissioning* $ 000's	Other $ 000's	Total $ 000's
At 1 January 2020	–	–	–
Acquisition of Columbus Energy Resources PLC	5,226	943	6,169
New provisions and allocations	26	4	30
Unwinding of discount	24	–	24
Foreign exchange difference on translation	91	–	91
At 31 December 2020	**5,367**	**947**	**6,314**

*The provisions relates to the estimated costs of the removal of the Spanish and Trinidadian production facilities and site restoration at the end of the production lives of the facilities. Decommissioning provisions in Trinidad have been subject to a discount rate of 6%, expected cost inflation of 1.3% and assumes an average expected year of cessation of production of 2032. Decommissioning provisions relating to facilities in Spain are undiscounted and uninflated as the field is no longer operating.

Other provisions

In one of the Group's Trinidadian subsidiaries, there are licence fees and commitments relating to an exploration and production licence that the subsidiary is expecting to settle by way of negotiation with the Ministry of Energy and Energy Industries. These negotiations are continuing in 2021. A provision has been recognised to reflect management's best estimate of its obligation at balance sheet date.

23 Share capital – Group & Company

Called up, allotted, issued and fully paid ordinary shares of 0.0002p each	Number of shares	Nominal value $ 000's	Share premium $ 000's
As at 1 January 2019	**1,572,719,096**	**46**	**83,068**
Shares issued at average price of 2.1p per share	120,000,000	4	2,356
Shares issued at average price of 2.6p per share	442,043,690	11	10,733
As at 31 December 2019	**2,134,762,786**	**61**	**96,157**
Shares issued at average price of 2.4p per share	48,000,000	1	1,454
Shares issued at average price of 2p per share	3,250,000	–	82
Shares issued at average price of 1p per share	62,500,000	2	788
Shares issued at average price of 0.9p per share	79,059,830	2	914
Shares issued at average price of 1p per share	120,866,141	3	1472
Shares issued at average price of 2p per share	35,337,328	1	884
Shares issued at average price of 2.1p per share	868,888,792	23	24,220
Shares issued at average price of 2.6p per share	61,713,763	2	2,087
Shares issued at average price of 2.9p per share	5,429,206	–	205
Shares issued at average price of 2p per share	475,000,000	12	11,417
Shares issued at average price of 2p per share	154,552,357	4	1,190
Shares issued at average price of 2.9p per share	5,429,206	–	211
Shares issued at average price of 2.9p per share	35,759,140	1	1,412
Shares issued at average price of 2p per share	412,500,000	11	10,126
Shares issued at average price of 2p per share	3,624,800	–	98
As at 31 December 2020	**4,506,673,349**	**123**	**152,717**

23 Share capital – Group & Company (continued)

	Number of shares	Nominal value $ 000's	Share premium $ 000's
As at 31 December 2019	**2,134,762,786**	**61**	**96,157**
As at 31 December 2020	**4,506,673,349**	**123**	**152,717**

During the year, 2,372 million shares were issued (2019: 562 million).

At the end of 2020, the number of shares in issue comprised 4,507 million ordinary shares.

During the year, transaction costs for issued share capital totalled $1,887,859 (2019: $763,166), these amounts were allocated to share premium.

The total authorised number of ordinary shares at 31 December 2020 and 2019 was 10,000,000,000 shares with a par value of 0.002 pence per share (2019: 5,000,000,000 shares). All issued shares of 0.002 pence are fully paid.

Other reserves	Merger reserve* $ 000's	Reverse acquisition reserve* $ 000's	Total other reserves $ 000's
As at 31 December 2019	**77,131**	**(53,847)**	**23,284**
As at 31 December 2020	**77,131**	**(53,847)**	**23,284**

In 2008, BPC Jersey Limited acquired Falkland Gold and Minerals Limited (FGML) via a reverse acquisition, giving rise to the reverse acquisition reserve. BPC Jersey Limited was the acquirer of FGML although FGML became the legal parent of the Group on the acquisition date. FGML subsequently changed its name to BPC Limited.

The merger reserve arose in 2010 as a result of the Group undergoing a Scheme of Arrangement which saw the shares in the then parent company BPC Limited replaced with shares in Challenger Energy Group PLC.

In the Company Financial Statements, the Other reserve balance of $29,535,463 (2019: 29,535,463) arises from the issue of shares in the Company as part of the Scheme of Arrangement undertaken in 2010, which saw the shares in the then parent company BPC Limited replaced with shares in Bahamas Petroleum Company PLC (then BPC PLC), which became the new parent company of the Group.

* In the Group financial statements to 31 December 2019, the Merger Reserve and Reverse Acquisition Reserve were presented as separate balances on the face of the consolidated statement of financial position. In these financial statements to 31 December 2020 the Merger Reserve and Reverse Acquisition reserve have been aggregated into Other Reserves for presentation on the consolidated statement of financial position.

24 Share based payments reserve – Group & Company

(A) Options and warrants
Share options have been granted to Directors, selected employees and consultants to the Company.

The Group had no legal or constructive obligation to repurchase or settle any options in cash. Movements in the number of share options and warrants outstanding during the year are as follows:

	2020		2019	
	Average exercise price per share $ 000's	No. Options & Warrants $ 000's	Average exercise price per share $ 000's	No. Options & Warrants $ 000's
At beginning of year	**2.34p**	**200,357,073**	**2.22p**	**68,850,000**
Cancelled	–	–	2.22p	(68,850,000)
Granted	2.87p	309,706,720	2.34p	200,357,073
Exercised	0.0072p	(23,904,194)	–	–
At end of year	**2.76p**	**486,159,599**	**2.34p**	**200,357,073**
Exercisable at end of year	1.97p	106,659,599	2.08p	100,357,073

On 31 October 2019, all options in issue were cancelled by mutual consent with the option holders and new options issued as detailed below.

The weighted average remaining contractual life of the options and warrants in issue at 31 December 2020 is 2.46 years (31 December 2019: 4.32 years) and the weighted average exercise price of these instruments is 2.76 pence per share (31 December 2019: 2.34 pence). The range of exercise prices for options outstanding at 31 December 2020 is 2.0 pence to 4.0 pence (31 December 2019: 2.0 pence to 4.0 pence).

Notes to the financial statements for the year ended 31 December 2020 (continued)

24 Share based payments reserve – Group & Company (continued)

The expected price volatility used in calculating the fair value of options and warrants granted by the Company is determined based on the historical volatility of the Company share price (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

The fair value of the warrants and options granted in the year was estimated using the Black Scholes model. The inputs and assumptions used in calculating the fair value of options granted in the year were as follows:

Warrants and options granted in 2020

Name	Date granted	Share price at date of grant pence	Vesting date/criteria	Number	Exercise price pence	Expiry date	Expected volatility	Expected life (years)	Risk free return	Dividend yield	Fair value per option $
Management options (Tranche 3)	14/08/2020	1.899	19/12/2020	8,700,000	2.800	14/08/2025	14%	0.53	(0.02%)	–	–
CERP Management nil cost options	14/08/2020	1.899	17/08/2020	17,029,394	0.002	2024-2027	–	–	–	–	–
Gneiss Energy options	07/10/2020	1.939	07/10/2020	3,624,800	2.000	07/10/2022	35%	0.73	(0.01%)	–	$0.26
Management options (Tranche 2)	14/10/2020	2.300	14/10/2020	12,500,000	2.400	14/10/2025	35%	0.71	(0.04%)	–	$0.29
Management options (Tranche 3)	14/10/2020	2.300	19/12/2020	8,300,000	2.800	14/10/2025	14%	0.52	(0.04%)	–	–
Shore Capital warrants	15/10/2020	2.255	15/10/2020	17,052,526	2.000	15/10/2022	35%	0.71	(0.05%)	–	$0.51
Management options (Tranche 2)	30/11/2020	2.525	30/11/2020	12,500,000	2.400	30/11/2025	35%	0.58	(0.02%)	–	$0.30
1798 Volantis Fund Ltd options	13/12/2020	2.354	13/12/2020	93,750,000	3.000	13/12/2021	14%	0.55	(0.13%)	–	–
1798 Volantis Fund Ltd options	13/12/2020	2.354	13/12/2020	93,750,000	4.000	13/12/2021	14%	0.55	(0.13%)	–	–
Gneiss Energy options	21/12/2020	2.128	21/12/2020	37,500,000	2.000	21/12/2023	14%	0.52	(0.10%)	–	$0.20
Jordan fund options	21/12/2020	2.128	21/12/2020	5,000,000	2.000	21/12/2023	14%	0.52	(0.10%)	–	$0.20
				309,706,720							

Warrants and options granted in 2019

Name	Date granted	Share price at date of grant pence	Vesting date/criteria	Number	Exercise price pence	Expiry date	Expected volatility	Expected life (years)	Risk free return	Dividend yield	Fair value per option $
Management options (Tranche 1)	31/10/2019	2.000	31/10/2019	50,000,000	2.220	31/10/2023	21%	0.67	0.51%	–	$0.08
Management options (Tranche 2)	31/10/2019	2.000	15/02/2020	50,000,000	2.400	31/10/2023	21%	0.67	0.51%	–	$0.04
Management options (Tranche 3)	31/10/2019	2.000	15/04/2020	50,000,000	2.800	31/10/2023	21%	0.67	0.51%	–	$0.01
Shore Capital warrants	22/03/2019	1.720	22/03/2019	7,200,000	1.600	22/03/2021	72%	1.27	0.66%	–	$0.77
Shore Capital warrants	11/11/2019	2.100	11/11/2019	13,157,073	2.100	11/11/2021	17%	0.64	0.57%	–	$0.22
Strand Hanson warrants	05/11/2019	2.000	05/11/2019	5,000,000	2.000	05/11/2021	18%	0.65	0.59%	–	$0.15
Bizzell Capital Partners options	31/10/2019	2.000	31/10/2019	6,250,000	2.000	31/10/2023	21%	0.67	0.51%	–	$0.18
MH Carnegie & Co options	31/10/2019	2.000	31/10/2019	18,750,000	2.000	31/10/2023	21%	0.67	0.51%	–	$0.18
				200,357,073							

(B) Salary and fee deferrals

On 17 December 2014, the Directors entered into an agreement for the deferral of 20% of their salary and fees on the following terms:

- 20% of all directors' fees and the CEO's salary were forgone until the Board, having consulted with the relevant advisers to the Company, determines that the cost of an initial exploration well is fully funded on an unconditional basis (defined as the Company either securing a farm-in or securing capital via debt or equity or a combination of both in excess of $25 million, or any combination thereof).
- The value of fees/salary forgone accrued at the end of each month as an entitlement to ordinary shares in the Company.
- The number of ordinary shares accrued was calculated as the value of fees/salary forgone divided by the volume weighted average closing price of the Company shares over each month.
- The "accrued shares" shall only be issued to the directors once the Board, having consulted with the relevant advisers to the Company, determines that the cost of an initial exploration well is fully funded on an unconditional basis (defined as the Company either securing a farm-in or securing capital via debt or equity or a combination of both in excess of $25 million, or any combination thereof).
- The agreement is effective for all parties from 1 October 2014.

On 1 April 2016, the Directors entered into a further agreement for the deferral of 50% of their fees and the CEO entered into an agreement for the deferral of 90% of his salary on the following terms:

- 50% of all directors' fees and 90% of the CEO's salary are to be forgone until the Board, having consulted with the relevant advisers to the Company, determines that the cost of an initial exploration well is fully funded on an unconditional basis (defined as the Company either securing a farm-in or securing capital via debt or equity or a combination of both in excess of $25 million, or any combination thereof).
- The value of Directors fees forgone shall accrue at the end of each month as an entitlement to ordinary shares in the Company.
- 50% of the value of the CEO's salary forgone shall accrue at the end of each month as an entitlement to ordinary shares in the Company.

24 Share based payments reserve – Group & Company (continued)

- 50% of the value of the CEO's salary forgone shall be repayable in cash once the Board, having consulted with the relevant advisers to the Company, determines that the cost of an initial exploration well is fully funded on an unconditional basis (defined as the Company either securing a farm-in or securing capital via debt or equity or a combination of both in excess of $25 million, or any combination thereof).
- Receipt of the CEO's forgone salary is conditional on his continued employment by the Group up to the completion of a farm-out or other well financing arrangement as detailed above.
- All of the CEO share entitlements accrued under the agreement entered into on 1 October 2014 were forgone.
- The number of ordinary shares accruing shall be calculated as the value of fees/salary forgone divided by the volume weighted average closing price of the Company shares over each month.
- The "accrued shares" shall only be issued to the directors once the Board, having consulted with the relevant advisers to the Company, determines that the cost of an initial exploration well is fully funded on an unconditional basis (defined as the Company either securing a farm-in or securing capital via debt or equity or a combination of both in excess of $25 million, or any combination thereof).
- The agreement is effective for all parties from 1 April 2016 and, in the case of the CEO, supersedes the agreement entered into on 17 December 2014.

On 1 January 2018 the Directors (excluding the CEO) entered into a further agreement for the deferral of 90% of their fees on the following terms:

- 90% of all directors' fees are to be forgone until the Board, having consulted with the relevant advisers to the Company, determines that the cost of an initial exploration well is fully funded on an unconditional basis (defined as the Company either securing a farm-in or securing capital via debt or equity or a combination of both in excess of $25 million, or any combination thereof).
- 50% of the value of the directors' fees forgone shall accrue at the end of each month as an entitlement to ordinary shares in the Company.
- 50% of the value of the directors' fees forgone shall be repayable in cash once the Board, having consulted with the relevant advisers to the Company, determines that the cost of an initial exploration well is fully funded on an unconditional basis (defined as the Company either securing a farm-in or securing capital via debt or equity or a combination of both in excess of $25 million, or any combination thereof).
- The number of ordinary shares accruing shall be calculated as the value of fees/salary forgone divided by the volume weighted average closing price of the Company shares over each month.
- The "accrued shares" shall only be issued to the directors once the Board, having consulted with the relevant advisers to the Company, determines that the cost of an initial exploration well is fully funded on an unconditional basis (defined as the Company either securing a farm-in or securing capital via debt or equity or a combination of both in excess of $25 million, or any combination thereof).

From 1 July 2018 the ongoing deferral of the CEO's salary into conditional share entitlements ceased, resulting in no further share-based payment charges arising as regards the CEO salary from that date. See note 27 for further details.

On 15 October 2020, the Board determined that the criteria for cessation and settlement of all deferred fees, namely the raising of at least $25m in funding for the Perseverance 1 well, had been met. Furthermore, the Board elected to novate all deferred fees that were to be settled in cash into a shares. Consequently, all deferred fees and salaries by directors and executive management were settled through the issuance of 146,818,765 new ordinary shares in the Company. See note 27 for further details.

Under IFRS 2, entitlements to ordinary shares under the above agreements constitute the issuance of equity settled share-based payment instruments with the following terms:

- Each month of deferred fee entitlements is treated as a separate grant of options with the date of grant being the first day of the month.
- The fair value of the options at grant is estimated as the share price on the date of grant.
- Options awarded each month vest at the end of that month.

The value of the instruments has been estimated and is being charged to the statement of total comprehensive income in monthly tranches as each month's award of options vest.

Following approval by the Company shareholders at the AGM held on 17 September 2019, conditional entitlements to 21,300,000 shares in the Company were granted to consultants in the prior year in lieu of fees. All conditions associated with these entitlements were identical to those granted to the Directors in the prior year. The fair value of these instruments were estimated by reference to the agreed value of services received by the Group.

Notes to the financial statements for the year ended 31 December 2020 (continued)

24 Share based payments reserve – Group & Company (continued)

The value of the instruments has been estimated and is being charged to the statement of total comprehensive income in monthly tranches as each month's award of options vest, up to 30 September 2020, being the effective settlement date of the deferred pay arrangements.

(C) Expense arising from share-based payment transactions
Total expense arising from equity-settled share-based payment transactions:

	2020 $ 000's	2019 $ 000's
Options and warrants	274	190
Salary deferrals	86	858
Total	**360**	**1,048**

The above charges in relation to share-based payments include $126,614 relating to Directors (2019: $166,393), $43,577 related to staff and consultants (2019: $744,311), $177,237 relating to warrants granted to the Company's advisors (2019: $92,016) and $12,049 (2019: $45,404) relating to options granted to potential providers of conditional convertible note finance.

Share settled payments	2020 $ 000's	2019 $ 000's
Professional advisory fees*	2,245	–
Issuance of shares in satisfaction of deferred salaries**	1,425	–
Total	**3,670**	**–**

* Represents the fair value of shares issued to various advisors in lieu of cash for their fees in the acquisition of Columbus by the Company on 7 August 2020. Further shares were issued to advisors following the share placements on 8 October 2020 and 17 December 2020. The fair value of these shares has been calculated based on the number of shares issued and the market price of the Company shares on the date of issuance. These expenses have been recognised in the Group statement of comprehensive income under "Professional fees – share settled" within Administrative expenses. These transactions do not fall within the scope of IFRS 2, Share based payments.

** Represents the fair value of shares issued to directors and staff during the year in settlement of deferred salary and fees, less the total value of accrued salaries and fees on the date of settlement. The fair value of these shares has been calculated based on the number of shares issued and the market price of the Company shares on the date of issuance. Accruals for deferred salary and fees had been recognised based on the value of contractual payments forgone. The excess of the fair value of these shares issued over the total accrued costs for deferred salary and fees to the date of settlement has been recognised in the Group statement of comprehensive income under "Staff costs – share settled" within Administrative expenses. These transactions do not fall within the scope of IFRS 2, Share based payments.

The table below discloses the total share-based payment charges for the year included in the statement of comprehensive income by expense category.

	2020 $ 000's	2019 $ 000's
Staff costs	171	195
Professional fees	177	808
Finance costs	12	45
Total	**360**	**1,048**

25 Financial instruments and risk management – Group & Company

The Group's activities expose it to a variety of financial risks: oil price, liquidity, interest rate, foreign exchange, credit and capital risk. The Group's overall risk management programme focuses on minimising potential adverse effects on the financial performance of the Group.

Risk management is carried out by the CEO under policies approved by the Board of Directors. The CEO identifies, evaluates and addresses financial risks in close cooperation with the Group's management. The Board provides principles for overall risk management, as well as policies covering specific areas, such as mitigating foreign exchange risk, interest rate risk, credit risk and investing excess liquidity.

The Group uses financial instruments comprising cash, and debtors/creditors that arise from its operations. The net fair value of financial assets and liabilities approximates the carrying values disclosed in the financial statements. The financial assets comprise cash balances in bank accounts at call.

25 Financial instruments and risk management – Group & Company (continued)

Oil Price Risk

Subsequent to the acquisition of the Columbus Energy Resources PLC in August 2020, the Group has been exposed to commodity price risk regarding its sales of crude oil which is an internationally traded commodity. The Group sales prices are based on West Texas Intermediate (WTI) for sales in Trinidad. The pricing of Group oil sales in Trinidad is set by the state oil company Heritage. The Group does not take out hedging instruments for changes in oil prices, with the risks to Group cashflows associated with changes in the oil price obtained from Heritage being mitigated by controls over elective costs of well workovers and other such production enhancing expenditure.

The spot prices per barrel for WTI are shown below:

	2020			2019		
	Low US$	Average US$	High US$	Low US$	Average US$	High US$
WTI	35.79	42.00	49.10	n/a	n/a	n/a

The below shows the Group's 2020 revenue sensitivity (gross of loyalty deductions) to an average price that is up to 30% lower and up to 30% higher than the average price for that year:

	Decrease			Current	Increase		
	30% $ 000's	20% $ 000's	10% $ 000's	$ 000's	10% $ 000's	20% $ 000's	30% $ 000's
Trinidad	1,253	1,432	1,611	1,790	1,969	2,148	2,327
Total	**1,253**	**1,432**	**1,611**	**1,790**	**1,969**	**2,148**	**2,327**

Liquidity risk

The Group monitors its rolling cash flow forecasts and liquidity requirements to ensure it has sufficient cash to meet its operational needs. Surplus cash is invested in interest bearing current accounts and money market deposits.

Future funding requirements

The Group's ability to meet all of its anticipated obligations over the 12 months from the date of this report is, however, dependent on the ability to secure access to additional funding. The Group currently estimates that it has a need for approx. $15 million in additional funding in order to continue to meet its obligations as and when they fall due over the 12 months from the date of this report. This includes meeting routine operating costs, undertaking certain planned work program activities, and also includes settlement of final remaining payments to suppliers and finance providers from the drilling campaigns for both the Perseverance-1 well in The Bahamas and the Saffron-2 well in Trinidad.

In order to meet this funding requirement, the Group has been and continues to evaluate a number of potential funding options. This includes a potential a $10 million convertible loan note facility with Arena Investors LP, consideration of Reserve-Based Lending options, the potential disposal of certain assets for cash, potential farming out of an interest in certain of the Group's exploration and/or production licences which would result in some cash inflows and funding of work program plans in relation to those assets, possible further issuances of securities and/or debt instruments for cash, agreeing payment plans for the deferral of outstanding obligations to suppliers and finance providers, and/or settlement of all or part of outstanding obligations to suppliers and finance providers in equity shares.

As at the date of this report, the Group remains actively engaged in developing and reviewing all of the above potential sources of additional funding. At the same time, the Group is undertaking work necessary to materially reduce overhead and general operating costs, whilst at the same time maximising production revenues from existing producing oil fields, in the expectation of being able to generate surplus operating cashflows in the 12 months from the date of this report, which surplus cashflows could then be applied towards the Group's overall funding requirements.

While there can be no certainty as to the availability of funding, given the range of funding options available, and given the Group's track record in being able to secure funding as and when required, the Group is confident that it will be able to successfully conclude one or any combination of the above-noted funding options, as well as maximise production cashflows and actively manage the schedule of cash outflows, such that the Group will be able to continue to meet its financial obligation as and when they fall due for the 12 months following the date of this report. As a consequence, the Directors are satisfied that the Group will be able to continue to meet its financial obligation as they fall due for the 12 months following the date of this report.

Financial liabilities

The Group's financial liabilities comprise its trade and other payables and lease liabilities. Trade and other payables all fall due within 1 year and it is the Group's payment policy to settle amounts in accordance with agreed terms which is typically 30 days.

Notes to the financial statements for the year ended 31 December 2020 (continued)

25 Financial instruments and risk management – Group & Company (continued)

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, because the impact of discounting is not significant.

Contractual maturities of financial liabilities at 31 December 2020 – Group	Less than 6 months $ 000's	6 to 12 months $ 000's	Between 1 and 2 years $ 000's	Between 2 and 5 years $ 000's	Total contractual cash outflows Carrying amount $ 000's	Carrying amount $ 000's
Trade and other payables	18,620	–	–	–	18,620	18,620
Lease liabilities	41	52	12	–	121	105
Borrowings	1,132	486	198	321	2,280	2,137
Total	**19,793**	**538**	**210**	**321**	**21,021**	**20,862**

Contractual maturities of financial liabilities at 31 December 2020 – Company	Less than 6 months $ 000's	6 to 12 months $ 000's	Between 1 and 2 years $ 000's	Between 2 and 5 years $ 000's	Total contractual cash outflows Carrying amount $ 000's	Carrying amount $ 000's
Trade and other payables	505	–	–	–	505	505
Lease liabilities	8	5	–	–	13	13
Borrowings	1,120	–	–	–	1,120	1,120
Total	**1,633**	**5**	**–**	**–**	**1,638**	**1,638**

Contractual maturities of financial liabilities at 31 December 2019 – Group	Less than 6 months $ 000's	6 to 12 months $ 000's	Between 1 and 2 years $ 000's	Between 2 and 5 years $ 000's	Total contractual cash outflows Carrying amount $ 000's	Carrying amount $ 000's
Trade and other payables	1,952	–	–	–	1,952	1,952
Lease liabilities	125	50	27	3	225	205
Total	**2,077**	**50**	**37**	**13**	**2,177**	**2,157**

Contractual maturities of financial liabilities at 31 December 2019 – Company	Less than 6 months $ 000's	6 to 12 months $ 000's	Between 1 and 2 years $ 000's	Between 2 and 5 years $ 000's	Total contractual cash outflows Carrying amount $ 000's	Carrying amount $ 000's
Trade and other payables	1,946	–	–	–	1,946	1,946
Lease liabilities	8	7	13	–	28	28
Total	**1,954**	**7**	**13**	**–**	**1,974**	**1,974**

Interest rate risk

The Group's strategy for managing cash is to maximise interest income whilst ensuring its availability to match the profile of the Group's expenditure. This is achieved by regular monitoring of interest rates and monthly review of expenditure forecasts.

The Group's exposure to interest rate risk relates to the Group's cash deposits which are linked to short term deposit rates and therefore affected by changes in bank base rates. At 31 December 2020 short term deposit rates were in the range of 0% to 0.5% (31 December 2019: 0% to 2.38%) and therefore the interest rate risk is not considered significant to the Group. An increase in interest rate of 0.25% in the year would have had an insignificant effect on the Group's loss for the year and the prior year.

Group borrowings are at fixed interest rates and therefore do not present an interest rate risk.

Foreign currency risk

The Group operates internationally and therefore is exposed to foreign exchange risk arising from currency exposures, primarily with regard to UK Sterling, Trinidad Dollars and Euros (2019: UK Sterling only).

The Company has a policy of not hedging foreign exchange and therefore takes market rates in respect of currency risk; however it does review its currency exposures on an ad hoc basis. Currency exposures relating to monetary assets held by foreign operations are included within the foreign exchange reserve in the Group statement of financial position.

The following table details the Group's sensitivity to a 10% increase and decrease in the US Dollar against the relevant foreign currencies of Pound Sterling, Euro and Trinidadian Dollar. 10% represents management's assessment of the reasonably possible change in foreign exchange rates.

25 Financial instruments and risk management – Group & Company (continued)

The sensitivity analysis includes only outstanding foreign currency denominated investments and other financial assets and liabilities and adjusts their translation at the year-end for a 10% change in foreign currency rates. The table below sets out the potential exposure, where the 10% increase or decrease refers to a strengthening or weakening of the US Dollar:

	Profit or loss sensitivity		Equity sensitivity	
	10% increase $ 000's	10% decrease $ 000's	10% increase $ 000's	10% decrease $ 000's
Euro	17	(21)	249	(304)
Pounds Sterling	63	(77)	21	(26)
Trinidad Dollar	243	(297)	331	(404)
Total	**323**	**(395)**	**601**	**(734)**

At 31 December 2019, if the US Dollar currency had weakened/strengthened by 10% against UK Sterling with all other variables held constant, post-tax losses for the year and total equity would have been reduced/increased by approximately $59,000, mainly as a result of foreign exchange gains/losses on translation of UK Sterling denominated bank balances.

Rates of exchange to $1 used in the financial statements were as follows:

	As at 31 December 2020	Average for the relevant consolidated year to 31 December 2020	As at 31 December 2019	Average for the relevant consolidated year to 31 December 2019
Euro	0.814	0.842	n/a	n/a
Pounds Sterling	0.734	0.761	0.762	n/a
Trinidad Dollar	6.762	6.780	n/a	n/a

The Group holds cash as a liquid resource to fund the obligations of the Group. The Group's cash balances are held in various currencies.

The currency profile of the financial assets is as follows:

Cash and short-term deposits	2020 $ 000's	2019 $ 000's
Sterling	723	10,812
Euros	3	–
US Dollars	16,733	340
Trinidad Dollars	403	–
Total	**17,862**	**11,152**

The Group also has operations denominated in the Bahamian Dollar. As the Bahamian Dollar is pegged to the US Dollar on a one for one basis these operations do not give rise to any currency exchange exposures.

Credit risk

Credit risk is managed on a Group basis. Credit risk arises from prepayments to suppliers for services, cash and cash equivalents, restricted cash and funds held in escrow and abandonment funds. For prepayments made to suppliers, all suppliers are reviewed to assess the credit risk presented before entering into contractual relationships that give rise to prepaid balances. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. In order to mitigate credit risk arising from cash balances the Group holds cash reserves with more than one counterparty. Funds in escrow and abandonment funds are held with the Government of Trinidad and Tobago and so are not considered to be subject to a material level of credit risk.

For the Company, credit risk also arises on recoverability of loans due from subsidiary undertakings. Management assesses and manages these risks through regular budgeting and performance analysis.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

Capital risk management

Capital is defined by the Group as all equity reserves, including share capital and share premium. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to support the Group's business operations and maximise shareholder value. The Group is not subject to any externally imposed capital requirements.

Notes to the financial statements for the year ended 31 December 2020 (continued)

26 Commitments and contingencies – Group & Company

Contingencies

As at 31 December 2020, one of the Group companies, FRAM Exploration (Trinidad) Ltd, has been named as a defendant in an ongoing matter in the High Court of Trinidad and Tobago in place since 2019. The Group's exposure, in the event of an unsuccessful defence of the claim, is estimated to be in the region of $0.7m to $0.9m, referable to the sums claimed, interest and legal costs. The Group has filed a counterclaim which, if successful, will reduce the Group's liability without fully extinguishing it. The parties to the claims are in the process of settlement discussions, which are scheduled for a case management conference before a judge in February 2022. The matter has not been concluded and its outcome cannot be reliably estimated at this stage. In accordance with International Accounting Standards (IASs) – 10 and 37, no provision has been made in these financial statements in relation to this matter.

Other than as set out above, as at 31 December 2020 and 2019, the Group and Company had no contingent liabilities that require disclosure in these financial statements.

Expenditure commitments

On 21 February 2019, the Group received notification from the Bahamian Government of the extension of the term of its four southern licences to 31 December 2020, with the requirement that the Group commence an exploration well before the end of the extended term. In November 2020 the term of the licence period was extended to 30 June 2021 following the outbreak of the global Covid-19 pandemic and the declaration of the Group of *force majeure* under the terms of its licences. On 20 December the Group commenced the drilling of its licence obligation well in the Bahamas, Perseverance 1, which was completed on 7 February 2021. In March 2021 the Company formally notified the Government of the Bahamas that it was renewing the four southern offshore exploration licences for a further three year period, having discharged its obligations under the previous licence term. The Group remains in discussions with the Government over the terms of the renewal of these licences and, once formally renewed, will have the obligation to commence a further exploration well in the licence area before the expiry of the next three year term.

In June 2020, the Group was notified by ANCAP, the Uruguayan state oil company, of the award of the OFF-1 licence block offshore Uruguay. Formal issuance of the licence remains outstanding due to the impact of Covid-19 on the functions of the state in Uruguay, however once the licence has been formally issued the Group will have a commitment to undertake various technical investigations over the licence block before the expiry of the four year licence term. The Group estimates the total cost of these work obligations to be approx. $0.8 million over this period.

The Group holds an onshore licence for the exploration for and production of hydrocarbons in Suriname. Under the terms of this licence, the Group is obliged to undertake an extended well test in the licence area by October 2022, the costs of which are estimated to be approx. $0.7 million.

The Group has an obligation under one of its licences in Trinidad to drill 5 wells in this licence area before the expiry of the current term on 31 December 2021. The Group is in discussions with the licensor in relation to the renewal of this licence and expects these obligations to be commuted and form part of the broader work program requirements of the renewed licence term. The Group has no other material work obligations under the terms of its licences in Trinidad.

Annual licence rental commitments

The Group is required under its Bahamian exploration licences to remit annual rentals in advance to the Government in respect of the licenced areas.

On 21 February 2019 the Group was notified by the Government of The Bahamas that the term of its four southern licences had been extended to 31 December 2020. In November 2020, the term of the licence period was extended to 30 June 2021 following the outbreak of the global Covid-19 pandemic , being a *force majeure* event under the terms of its licences.

On 27 February 2020, the Company advised that, consequent on the granting of Environmental Authorisation for the Perseverance #1 well, the Company and the Government of The Bahamas had agreed a process seeking a final agreement on the amount of licence fees payable for the balance of the second exploration period (including the additional period of time to which the licence period was extended as a result of *force majeure*). At the time, the parties entered into discussions with a view to finalising this outstanding matter. This discussion has been delayed owing to the State of Emergency declared and ongoing business disruption caused by the national response to the Covid-19 outbreak in The Bahamas. However, subject to said confirmation, the Company expects that an appropriate side-letter agreement will be finalised in due course.

In March 2021 the Company formally notified the Government of The Bahamas that it was renewing the four southern offshore exploration licences for a further three year period, having discharged its obligations under the previous licence term. The Group remains in discussions with the Government over the terms of the renewal of these licences, which will include agreement on the level of annual rental fees payable over the renewed term.

26 Commitments and contingencies – Group & Company (continued)

In June 2021 the Group formally notified the Government of the Bahamas that it did not intend to renew the Miami licence area and consequently no further annual rental fees will be payable in regards to this licence.

The Group does not have any material annual rental payments payable on its licences in Trinidad and Suriname and, once formally issued, will not have any material annual licence rental fees payable in respect of its licence in Uruguay.

27 Related party transactions – Group & Company

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation. Transactions between other related parties are outlined below.

Remuneration of Key Management Personnel
The Directors of the Company are considered to be the Key Management Personnel. Details of the remuneration of the Directors of the Company are disclosed below, by each of the categories specified in IAS24 Related Party Disclosures.

	2020 $ 000's	2019 $ 000's
Short-term employee benefits	575	407
Short term employee benefits - accrued and contingent*	–	138
Share-settled payments**	992	–
Share-based payments	126	166
Total	**1,693**	**711**

*Short term employee benefits - accrued and contingent consist of the 50% of directors' deferred fees which are repayable in cash, rather than shares, contingent on the Board, having consulted with the relevant advisers to the Company, determines that the cost of an initial exploration well is fully funded on an unconditional basis (defined as the Company either securing a farm-in or securing capital via debt or equity or a combination of both in excess of $25 million, or any combination thereof). Included in this figure in the prior year is the write back of deferred CEO remuneration which was forgone on 1 July 2018 following agreed changes to the CEO remuneration arrangements (see below) which resulted in a negative charge for that year.

**Share-settled payments were made during 2020 to settled the accrued deferred fees payable in cash.

See note 7 for further details of the Directors' remuneration and note 24 for details of the Directors' share-based payment benefits.

Effective 1 October 2014, the Directors agreed to forgo 20% of their remuneration which becomes repayable in shares only once the Board, having consulted with the relevant advisers to the Company, determines that the cost of an initial exploration well is fully funded on an unconditional basis (defined as the Company either securing a farm-in or securing capital via debt or equity or a combination of both in excess of $25 million, or any combination thereof). Effective 1 April 2016 the Directors agreed to increase this fee deferral to 50% for Board members and 90% for the CEO. From 1 January 2018, the Directors agreed to increase their fee deferral terms to match those of the CEO, being a 90% deferral with 50% of deferred fees recoverable in cash and 50% in shares, once the Board, having consulted with the relevant advisers to the Company, determines that the cost of an initial exploration well is fully funded on an unconditional basis (defined as the company either securing a farm-in or securing capital via debt or equity or a combination of both in excess of $25 million, or any combination thereof). From 1 July 2018, the Company agreed to cease the ongoing deferral of the CEO salary, with all deferred amounts to be settled in shares being retained as a receivable once the agreed criteria had been met and all amounts deferred into a cash receivable, along with accrued pension entitlements, being foregone. See note 24 for further details.

On 28 March 2019 the Company and the CEO agreed to extend the term of the CEO contract for a further 12 months. On expiry of the extended contract on 31 March 2020 the contract became cancellable by either party on a rolling 3 month notice period basis.

Effective 1 September 2020, the Company and CEO agreed an increase to the annual CEO salary from $375,000 to $600,000.

On 15 October 2020, the Board determined that the criteria for cessation and settlement of all deferred fees, namely the raising of at least $25m in funding for the Perseverance 1 well, had been met. Furthermore, the Board elected to novate all deferred fees that were to be settled in cash into a shares. Consequently, all deferred fees and salaries by directors were settled through the issuance of 107,413,150 new ordinary shares in the Company.

On 31 October 2020, share options were granted to key management personnel as follows:

	Tranche 1 Options	Tranche 2 Options	Tranche 3 Options	Total
Simon Potter	–	6,250,000	–	6,250,000
William Schrader	–	–	–	–
James Smith	–	–	–	–
Adrian Collins	–	–	–	–
Ross McDonald	–	–	–	–
Total	–	6,250,000	–	6,250,000

Notes to the financial statements for the year ended 31 December 2020 (continued)

27 Related party transactions – Group & Company (continued)

On 30 November 2020, share options were granted to key management personnel as follows:

	Tranche 1 Options	Tranche 2 Options	Tranche 3 Options	Total
Simon Potter	–	6,250,000	–	6,250,000
William Schrader	–	–	–	–
James Smith	–	–	–	–
Adrian Collins	–	–	–	–
Ross McDonald	–	–	–	–
Total	–	6,250,000	–	6,250,000

On 31 October 2019, share options were granted to key management personnel as follows:

	Tranche 1 Options	Tranche 2 Options	Tranche 3 Options	Total
Simon Potter	20,000,000	15,000,000	25,000,000	60,000,000
William Schrader	1,500,000	750,000	750,000	3,000,000
James Smith	750,000	375,000	375,000	1,500,000
Adrian Collins	750,000	375,000	375,000	1,500,000
Ross McDonald	750,000	375,000	375,000	1,500,000
Total	23,750,000	16,875,000	26,875,000	67,500,000

On 31 October 2019, all share options previously granted to key management personnel were cancelled by mutual consent, see note 24 for further details.

There is no ultimate controlling party of the Group.

Other related party transactions

During the current and prior year the Group operated banking facilities with RBC Royal Bank (Bahamas) Limited in Nassau, The Bahamas. Ross McDonald, a director of the Company during the year, is also a director of RBC Royal Bank (Bahamas) Limited. As at 31 December 2020, $96,768 was held on deposit with RBC Royal Bank (Bahamas) Limited (31 December 2019: $51,935).

Transactions between the Company and its subsidiaries during the year are as follows:

	2020 $ 000's	2019 $ 000's
Loans, goods and services provided to Columbus Energy Resources Ltd	6,897	–
Loans, goods and services provided to BPC Ltd	17,117	3,686
Loans, goods and services provided to Columbus Energy Resources South America B.V.	64	–
Loans, goods and services provided to Columbus Energy Bonasse Ltd	35	–
Loans, goods and services provided to Goudron E&P Ltd	69	–
Loans, goods and services provided to Columbus Energy Services ltd	44	–
Loans, goods and services provided to Leni Trinidad Ltd	2	–
Loans, goods and services provided to FRAM Exploration (Trinidad) Ltd	40	–
Loans, goods and services provided to Jasmin Oil & Gas Ltd	19	–
Loans, goods and services provided to T-REX Resources (Trinidad) Ltd	2	–

28 Events after the reporting period – Group & Company

On 15 January 2021, the Group raised a further £3.75 million (approx. $5 million) in funding via the issuance of 187.5 million new ordinary shares, having exercised its put option under a financing facility entered into in December 2020 with an institutional investment fund managed by Lombard Odier Asset Management.

On 8 February 2021, the Group announced the completion of the Perseverance 1 exploration well in its offshore licence area in the Bahamas. Whilst the well did encounter hydrocarbons, commercial volumes of movable hydrocarbons were not present at the drilling location. The Group has undertaken an extensive review of the data extracted from the well to determine the extent to which this data indicates remaining prospectively in the deeper, untested horizons and the horizons of interest at other locations along the B and C structures. The results of this review indicate that substantial prospectivity remains in sufficient potential volumes such that further exploration activity on these licences is merited. In March 2021, the Group notified the Government of the Bahamas of its election to renew the four southern licences into a further three year exploration period, having discharged the licence obligation to drill an exploration well before the expiry of the current licence period on 30 June 2021. The Group remains in discussions with the Government regarding renewal of these licences and the level of licence fees which remain to be paid for the current period. On formal renewal of the licences by the Government, the key licence obligation for the new three year period will be the drilling of a further exploration well within the licence area before the expiry of the renewed licence term.

28 Events after the reporting period – Group & Company (continued)

During the course of January to April 2021, the Group completed the drawing down of £3 million in convertible loan notes under the facility provided by Bizzell Capital Partners Pty Ltd.

On 20 May 2021, Mr Adrian Collins resigned as a director of the Company.

On 21 May 2021, the Company changed its name from Bahamas Petroleum Company PLC to Challenger Energy Group PLC.

On 26 May 2021, the Group commenced the drilling of the Saffron 2 well in the Bonasse licences in the South West Peninsula of Trinidad. The well was completed on 14 July 2021 at a cost of approx. $4.8 million. Production testing of the well has indicated that commercial volumes of extractible hydrocarbons are likely to exist, but further exploration drilling will be required to fully delineate the extent of the resource and quantify the reserves present.

On 27 May 2021, the Group raised a further £6.9 million (approx. $9.75 million) in additional funding through the completion of an open offer with the existing shareholders of the Company and a placing with institutional shareholders. In addition, £2.5 million of convertible loan notes drawn down over the course of 2021 were converted, resulting in the issuance of a total of 2,904,589,806 new ordinary shares in the Company.

Following shareholder approval at the Company's EGM on 17 May 2021, a Share Consolidation of 1 New Ordinary Share of 0.02 pence each for 10 Existing Ordinary Shares of 0.002 pence each took place on 28 May 2021.

On 1 June 2021, Mr Ross McDonald resigned as a director of the Company, with Mr Eytan Uliel and Mr Stephen Bizzell both being appointed as directors on this date.

29 Comprehensive loss for the year - Company

The Company's loss for the year was $12,391,709 (2019: $3,164,902).

Glossary and Notes

1P	proved reserves
2P	proved plus probable reserves
3P	proved plus probable plus possible reserves
AIM	London Stock Exchange PLC's Alternative Investment Market
barrel or **bbl**	42 US gallons of oil
bbls	barrels of oil
best estimate or **P50**	the most likely estimate of a parameter based on all available data, also often termed the P50 (or the value of a probability distribution of outcomes at the 50% confidence level)
BNPP	BNP Paribas
BOLT	Beach Oilfield Limited
bopd	barrels of oil per day
BPC	Bahamas Petroleum Company PLC
bwpd	barrels of water per day
contingent resources	those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies. Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality
C-sand	sandstone reservoirs below the pre-Mayaro unconformity and above the pre-Lower Cruse unconformity encompassing sandstones of equivalent age to both the Gros Morne and the Lower Cruse formations
CESL	Columbus Energy Services Ltd
CPR	Competent Persons Report
CPS	Compañia Petrolifera de Sedano S.L.U.
EOR	enhanced oil recovery
EPSC	Enhanced production service contract, the form of contract under which the Goudron field is operated on behalf of Heritage
FRAM	FRAM Exploration (Trinidad) Ltd
FTG	Full Tensor Gravity Gradiometry. Full tensor gradiometers measure the rate of change of the gravity vector in all three perpendicular directions
GEPL	Goudron E&P Ltd
Goudron Sandstone	reservoir sands above the pre-Mayaro unconformity, also known as the Mayaro Sandstone
Heritage	Heritage Petroleum Company Limited (previously known at Petrotrin)
IPSC	incremental production service contract, the form of contract under which the Inniss-Trinity field is operated on behalf of Heritage
La Lora	La Lora Production Concession in Spain
Lind	Lind Global Macro Fund LP
LTL	Leni Trinidad Ltd
M&A	Mergers and Acquisitions
Mayaro Sandstone	reservoir sands above the pre-Mayaro unconformity, also known as the Goudron Sandstone
MEEI	Trinidad and Tobago Ministry of Energy and Energy Industries (formally the Ministry of Energy and Energy Affairs, MEEA)
m	thousand
mm	million
mmbbls	million barrels of oil

Petrotrin	The Petroleum Company of Trinidad and Tobago Limited
PPL	private petroleum rights license
Predator	Predator Oil & Gas Holdings PLC
pre-Cruse	early to mid-Miocene sandstone reservoir below the pre-Cruse unconformity
proved reserves	those quantities of petroleum, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable (1P), from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations
probable reserves	those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P)
possible reserves	those additional reserves which analysis of geoscience and engineering data suggest are less likely to be recoverable than Probable Reserves. The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P) Reserves, which is equivalent to the high estimate scenario
PRMS	Petroleum Resources Management System
PSC	Production Sharing Contract
reserves	those quantities of petroleum anticipated to be commercially recovered by application of development projects to known accumulations from a given date forward under defined conditions
Saint-Gobain	Saint-Gobain Vicasa SA
Schroders	Schroders Investment Management Limited
Staatsolie	Staatsolie Maatschappij Suriname N.V, the state oil company of Suriname
STOIIP or **oil in place**	stock tank oil initially in place, those quantities of oil that are estimated to be in known reservoirs prior to production commencing
side-track	an additional or replacement well bore created from an existing well bore at a depth below the surface casing
SWP	South West Peninsula of Trinidad
TD	Total Depth (the depth where drilling has stopped)
Weg Naar Zee	PSC signed with Staatsolie in October 2019 for the Weg Naar Zee Block, an onshore appraisal and development project in Suriname
WTI	West Texas Intermediate; oil price marker crude

Corporate Directory

Company Number	Registered in the Isle of Man with registered number 123863C	
Directors	**William Schrader** Non-Executive Chairman	**Simon Potter** Non-Executive
	James Smith Non-Executive Deputy Chairman	**Stephen Bizzell** Non-Executive
	Eytan Uliel Chief Executive Officer	
Secretary	**Benjamin Proffitt**	
Registered Office and Corporate Headquarters	IOMA House Hope Street Douglas Isle of Man IM1 1AP	
Registrar	**Link Market Services (IOM) Limited** Clinch's House Lord Street Douglas Isle of Man IM99 1RZ	
Auditor	**PricewaterhouseCoopers LLC** Sixty Circular Road Douglas Isle of Man IM1 1SA	
Legal Advisors	**Quinn Legal** 30 Ridgeway Street Douglas Isle of Man IM1 1EL	**Graham Thompson & Co** Sassoon House Shirley Street & Victoria Avenue PO Box N-272, Nassau Bahamas
	Clyde & Co St Botolph Building 138 Houndsditch London EC3A 7AR United Kingdom	**Delaney Partners** Commercial Lawyers Lyford Manor, (West Bldg) Western Road Lyford Cay PO Box CB-13007 Nassau, Bahamas
	Trinidad & Tobago Legal Advisors: Fitzwilliam Stone Furness-Smith & Morgan 48-50 Sackville Street Port of Spain Trinidad & Tobago	**Mr. Justin Leung – Atlantic Law Chambers** No.12 Damian Street Woodbrook Port of Spain Trinidad & Tobago
	Mr. Ronnie Bissessar – Lawgivers 11A Gordon Street San Fernando Trinidad & Tobago	
Nominated Advisor	**Strand Hanson Limited** 26 Mount Row London W1K 3SQ United Kingdom	

Brokers

Shore Capital Stockbrokers Limited
Bond Street House
14 Clifford Street
London
W1S 4JU
United Kingdom

Investec Bank PLC
30 Gresham Street
London
EC2V 7QN
United Kingdom

This report is printed on Revive 100% White Silk a totally recycled paper produced using 100% recycled waste at a mill that has been awarded the ISO 14001 certificate for environmental management.

The pulp is bleached using a totally chlorine free (TCF) process.
This report has been produced using vegetable based inks.

Perivan 262031

Asa Wright Nature Centre, Arima, Trinidad