SUNDA ENERGY

Sunda Energy Plc

Annual Report and Financial Statements for the year ended 31 December 2024

Contents

Corporate Information

Advisers & General Information

Directors	Gerry Aherne, Non-executive Chairman (appointed 22 April 2024) Andrew Butler, Chief Executive Officer Keith Bush, Non-executive Director John Chessher, Non-executive Director (appointed 22 April 2024) Robert Collins, Chief Financial Officer (appointed 11 August 2024)
Registered Office	201 Temple Chambers 3-7 Temple Avenue London EC4Y 0DT
Company Secretary	Geoffrey Barnes
Auditor	Gravita Audit Limited Aldgate Tower 2 Leman Street London E1 8FA
Solicitors	Fieldfisher LLP Riverbank House 2 Swan Lane London EC4R 3TT
Nominated Adviser and Joint Broker	Allenby Capital Limited 5 St Helen's Place London EC3A 6AB
Joint Broker	H&P Advisory Limited 7-10 Chandos Street London W1G 9DQ
Registrars	Share Registrars Limited 3 The Millennium Centre Crosby Way Farnham Surrey GU9 7XX
Communications	Celicourt Communications Limited 4 Bream's Buildings London EC4A 1HP
Website	www.sundaenergy.com
Company number	05098776 (England and Wales)

Corporate Statement

Sunda Energy Plc ("the Company") is an independent energy operating company based in the UK and focused on the exploration, appraisal and early development of gas assets in Southeast Asia. It currently operates a Production Sharing Contract ("PSC") in Timor-Leste that contains a gas field called Chuditch through its local subsidiary. Ordinary shares in the Company are listed in the UK on the AIM market of the London Stock Exchange – (SNDA.L).

The Company's objective is to create and deliver shareholder value through capturing and maturing interests in material assets where there is the opportunity for high impact and low risk gas exploration and appraisal activities at low entry costs. Historically, the Company (operating under previous names Gold Oil and Baron Oil) focused on Latin America and the United Kingdom. However, with the progress made in the Timor-Leste asset and recognition of the favourable business environment and the Company's competitive advantages in South East Asia, Sunda decided during 2024 to focus its efforts exclusively on this region, including the change to the current company name.

Sunda is committed to safeguarding the environment and minimising risk to its employees, contractors and the communities in which it works. Through developing sustainable long-term relationships with its partners and the community, Sunda aims to conduct business and enhance value in a responsible manner.

The board of directors (the "Board") is aware of its responsibilities for environmental reporting and to following industry international best practice in carrying out its activities. The Company currently does not produce hydrocarbons; however, the Company is planning for drilling of the Chuditch-2 appraisal well in Timor-Leste and is also actively pursuing a range of possible new business opportunities. In light of these activities, the Company's HSE personnel are actively reviewing and upgrading its safety and environmental policies and procedures. It is anticipated that future annual reports will contain more detailed environmental disclosures as a result of these activities and initiatives.

Reporting of Fugitive Methane Emissions, Scope 1 and 2 emissions per barrel of oil equivalent production and Carbon Intensity Statements are not relevant to the Company at this stage of its development. Should the Company become involved in future developments, it intends to adopt best practice carbon intensity reporting and prioritise those developments which are consistent with a lower carbon strategy and comply with regulatory requirements and standards.

Chairman's Statement & Operations Report

Financial Review

The net result for the year was a loss both before and after taxation of £2,049,000 (2023: loss of £1,712,000), which is wholly attributable to Sunda Energy shareholders, representing a loss of 0.008p per share (2023: loss of 0.009p).

The Group generated no revenue during the period but focused on exploring and developing assets that the Board believes will generate revenue for the Group in the future.

Administration expenses for the year were £2,222,000 (2023: £1,455,000), an overall increase on the preceding year of £767,000. Administration costs arising in SundaGas (Timor-Leste Sahul) Pte. Ltd. ("TLS") and its Timor-Leste subsidiary have increased from £568,000 previously to £743,000 this year as the operation in Dili continues to gear up for the forthcoming drill phase of the Chuditch development. UK Directors and staff salaries and related costs reduced by £58,000 to £530,000 in the year, excluding severance costs paid to prior directors which amounted to £299,000. Details of directors' salaries are contained in the Report of the Directors in the Annual Report on page 18. Professional adviser fees increased from £227,000 previously to £454,000, mainly due to higher legal, consultancy and professional adviser costs.

Non-capitalised exploration and evaluation expenditure incurred included in the Income Statement amounted to £170,000 (2023: £121,000), largely arising from surface rental costs on Chuditch and new venture costs. The Directors judged that no exploration assets required impairment.

In February 2024 the Company raised £2,993,000 net of costs from the issue of new share capital by way of a placing and subscription. In addition, in February 2024, the Group received £719,000 arising from the farm-out of a 20% interest in Timor-Leste TL-SO-19-16 PSC to TIMOR GAP Chuditch Unipessoal Lda ("TIMOR GAP").

During June 2024, the Bank Guarantee for the Chuditch PSC was increased from US$1.0 million to US$2.5 million (net US$2.0 million) as the Company prepared to enter Contract Year 3 of the PSC, with its increased work commitments. The new Bank Guarantee was issued by Banco Nacional de Comércio de Timor-Leste ("BNCTL"), a bank wholly owned by the government of Timor-Leste. The use of BNCTL is part of the Company's commitment to maximising local content inside Timor-Leste, but also indicative of its objective to broaden its business partnerships in-country.

At the end of the financial year, cash reserves of the Group had decreased to £3,171,000 from a level at the preceding year end of £3,760,000 after taking into account the aforementioned capital receipts, as the Group absorbed cash in its continuing operations. The Group's investment in exploration and evaluation assets in Timor-Leste amounted to £1,783,000 in the period; a new performance bond guarantee deposit of £1,569,000 was paid out offset by recovery of a previous bond amounting to £792,000, and there was a general operating cash outflow amounting to £1,753,000. The Company achieved interest receivable of £152,000 on its bank balances.

The Group continues to take a conservative view of its asset impairment policy, giving it a statement of financial position that consists of significant net current assets and what the Board considers to be a realistic value for its exploration assets. The Board will continue to take a prudent approach in entering into new capital expenditures beyond those expected to be committed to existing ventures.

Report on Operations

Southeast Asia: Timor-Leste TL-SO-19-16 PSC ("Chuditch PSC" or "PSC") (Sunda 60% interest – since February 2024)

Background

The Chuditch PSC is located approximately 185 kilometres south of Timor-Leste, 100 kilometres east of the producing Bayu-Undan field, 50 kilometres south of the potential Greater Sunrise development and covers approximately 3,571 km2 in water depths of 40-120 metres. The Chuditch-1 discovery well, drilled by Shell in 1998 in 64 metres water depth, encountered a 30 metre gross gas column in Jurassic Plover Formation sandstone reservoirs at a depth of 2,910 metres on the flank of a large, faulted structure. The discovery and neighbouring prospects are largely covered by a 3D seismic survey acquired in 2012 and subsequently reprocessed by Sunda.

Sunda operates the PSC through its wholly owned subsidiary SundaGas Banda Unipessoal Lda. ("SundaGas"), based out of its offices in Dili, Timor-Leste. Until February 2024, the Company held a 75% working interest in partnership with TIMOR GAP Chuditch Unipessoal Lda, a subsidiary of the state-owned national oil company, who held the remaining 25% and which share of PSC expenditure is carried until first production.

Chairman's Statement & Operations Report
(continued)

On 7 February 2024, the Company completed a transaction whereby TIMOR GAP increased its participation in the PSC from 25% to 40%. Accordingly, the SundaGas 60% share became responsible for 80% of the costs of the Chuditch project and TIMOR GAP for 20%. TIMOR GAP paid approximately US$ 1 million to cover its share of prior costs from the effective date of the PSC until the completion of this transfer.

Previously, the Company had carried out a technical work programme that included the reprocessing of legacy seismic data, aimed at addressing reservoir imaging issues caused by sea-bed topography and shallow geological features as well as various geological and engineering studies. These activities fulfilled the PSC obligations for Contract Years 1 and 2 of the PSC and enabled Sunda to assess fully the Chuditch field and its gas resources.

Consultancy group ERC Equipoise Ltd ("ERCE") was then engaged to prepare a Competent Person's Report ("CPR") to provide an independent assessment of the Chuditch resource to a SPE PRMS compliant standard. The CPR was released on 28 February 2023. For the Chuditch-1 discovery, ERCE assessed gross Pmean Contingent Resources of 1.16 Tcf of gas. In addition, aggregated gross Pmean Prospective Resources attributable to the licence according to the CPR amounted to 1,562 Bcf gas across three prospects, Chuditch SW, Chuditch NE and Quokka. Geological Chances of Success ("GCOS") for these prospects range from 52% to 26%, providing substantial follow on, low risk exploration potential to any Chuditch development. It is notable that Sunda's in-house probabilistic estimates of aggregated gross Prospective Resources for these prospects, at 2,128 Bcf of gas, are higher than ERCE's estimates. This arises mainly through the Company's preferred use of the latest reprocessed seismic data velocity model to define the extent of the prospects.

Based on the above results, the Company commenced organisational and technical preparations for the drilling of an appraisal well in the second half of 2023. This appraisal well became an actual PSC commitment when Contract Year 3 began on 19 June 2024.

There continues to be an excellent working relationship between SundaGas, the Government Ministry of Petroleum and Mineral Resources ("MPRM"), Autoridade Nacional do Petróleo ("ANP"), the Government regulatory authority for petroleum, and TIMOR GAP. The Company meets regularly with all of these bodies and provides detailed updates around our activities, plans and timelines on the PSC. The Company appreciates the support that it receives from these various state entities and will continue to work on maintaining these close relationships.

2024 and subsequent activities

Planning for the drilling of the Chuditch-2 appraisal well dominated activities during 2024. A well location was selected that is 5.1km from the original Chuditch-1 discovery well in a water depth of approximately 68m. The predicted vertical column height of gas in the Jurassic reservoirs at this location is 149m, as compared with the 30m gross gas column encountered in the discovery well.

The Company decided to build an in-house drilling capability in preparation for the Chuditch-2 campaign. Taking this approach, rather than outsourcing to a drilling management company, enabled Sunda to select and retain the best personnel for the project. The Company now has a team of highly experienced drilling engineers, HSE, logistics and procurement professionals that are equipped to deliver not only the Chuditch-2 wells but also further future drilling on the PSC and more broadly within Sunda's ambitious business plans.

In February 2024 and April 2024, SundaGas completed Geophysical and Geotechnical surveys at the planned location of the Chuditch-2 appraisal well. The objective of these surveys was principally to identify any potential hazards at the proposed well site, ensuring that a drilling rig can be safely located there with minimal environmental impact. Based on survey results, Sunda's drill team chose to move the final well location by around 300m to avoid an irregular area of seabed that represented a potential hazard.

Subsequent to the reporting period, in January 2025, the Company completed an Environmental Baseline Survey ("EBS") in the area of the planned well. The purpose of the EBS was to gather information on the seabed sediments and fauna as well as collect seawater samples. The results were integrated into the Environmental Impact Statement and the Environmental Management Plan for submission to ANP, as well as being available for future assessments of any impacts caused by drilling activities. Following public consultation exercises and ANP's review, it is anticipated that final Environmental Permits for drilling will be issued in good time before mobilisation of the drilling equipment for the well.

Chairman’s Statement & Operations Report
(continued)

During 2024, Sunda held discussions with a number of potential partners in the PSC that expressed interest in participating in the Chuditch project, including the drilling of the planned appraisal well and subsequent anticipated development activities. The Company announced on 12 August 2024 that it had entered into an exclusive arrangement (the “Exclusivity Agreement”) with Pacific LNG Operations Pte Ltd. (“PLNG”), a private group specialising in resource investments. Ultimately, discussions with PLNG did not reach a successful conclusion and the Exclusivity Agreement was terminated. Several other parties submitted proposals to Sunda to participate in the Chuditch project, but these came with commercial terms that were unattractive or conditions that were not acceptable. These conditions included significant delays to appraisal drilling, unachievable commercial guarantees and unrealistic development concepts.

At the end of the reporting period, based on the outcome of the discussions described above and considering the strength and depth of support for the Chuditch project from the Timor-Leste authorities, the Company decided that a further farm in by TIMOR GAP represented the best route to guarantee short-term drilling of the Chuditch appraisal well, along with financing provided by certain investors into the Company. Accordingly, it was announced on 24 April 2025 that the Company had entered into a farm out agreement under which it assigned an additional 30% working interest in the PSC to TIMOR GAP, along with the issuance of a convertible loan note (and associated warrants). These combined arrangements secured the funding for the drilling of the appraisal well. The farm out transaction with TIMOR GAP is expected to close during June 2025, following the execution of a contract for a jack up drilling rig and approval by ANP.

In parallel with the environmental permitting and funding arrangements described above, all other aspects for preparation of drilling are ongoing, including procurement activities, logistical planning and coordination with various regulatory bodies in Timor-Leste. Based on the current schedule of activities and the operations being carried out currently on the drilling rig by other E&P companies, it is estimated that the well will spud during August 2025. The current PSC year 3 expires on 18 June 2025 and therefore an extension will be applied for shortly.

Good progress was also made in 2024 with respect to evaluating potential gas development and export scenarios for Chuditch. Discussions were held with various parties, culminating in the signature of a Memorandum of Understanding (“MOU”) on 12 December 2024 with MPRM and TIMOR GAP. The MOU set out the framework for joint evaluation of a development concept for gas resources on the Chuditch PSC, including pipeline export to the Bayu Undan field and on to planned LNG facilities on the south coast of Timor-Leste. Subsequent to the reporting period, an engineering Feasibility Study was commissioned from selected third party engineering consultants for the future development of Chuditch and a pipeline to Bayu Undan. This work is intended as a springboard for the Chuditch joint venture to move forward quickly with development plans following the completion of the Chuditch-2 appraisal well.

It is worthwhile to note other activity in the E&P sector in Timor-Leste, which continues to see an uptick in interest and activity. Through 2024, the parties to the Greater Sunrise joint venture along with the governments of Timor-Leste and Australia commissioned a study carried out by Wood Group Plc to evaluate the respective commercial, technical and economic merits of taking gas from Sunrise to either Darwin in Australia or the south coast of Timor-Leste. The results of this eagerly awaited report were delivered to the parties in late 2024, but as of now have not been publicly disclosed. Finder Energy Holdings Ltd, an Australian E&P company entered Timor-Leste through its acquisition of Eni S.p.A. and INPEX Corporation interests in a PSC containing the Kuda Tasi and Jahal oil discoveries, which it intends to put onto a fast-track development path. Adjacent to the Chuditch PSC, Eni have been planning to acquire 3D seismic data, which we understand will now probably occur in Q3 2025. Onshore, Timor Resources Pty Ltd are preparing for appraisal drilling following their discoveries in 2022-23 and TIMOR GAP E.P. commenced acquiring 2D seismic data on the Pualaca PSC. All of these other industry activities are supportive of the development of the energy sector in Timor-Leste, and Sunda is proud to be at the forefront of this development.

United Kingdom Offshore Licence P2478 (relinquished 31 March 2024)

On 31 March 2024, offshore UK Licence P2478 was surrendered to the UK North Sea Transition Authority (“NSTA”), following delays to the acquisition of 3D seismic data that had been stipulated in the terms of an extension to Phase A of the licence. The delays largely resulted from the continuous wind farm construction activities in the area. The Company had held a 32% non-operated interest in the licence. All of Sunda’s commitments on the licence had been fulfilled and a relinquishment report was submitted.

Peru

In April 2022, the Company requested the relinquishment of Licence Block XXI in Peru, a legacy asset dating from an earlier, Latin-America focused strategy. Licence Block XXI had been largely under Force Majeure for a variety of reasons since 2017. Sunda continues to own a Peruvian subsidiary, Gold Oil Peru S.A.C., and is working with local legal counsel regarding steps to complete its exit from Peru.

New Ventures

Following its pivot to Southeast Asia, Sunda has adopted a New Venture strategy focused on the region. The Company is seeking to identify and evaluate business growth opportunities that build a portfolio of opportunities, to diversify its asset base and create further shareholder value. The development of a New Venture strategy had been identified by the Board of Directors as a short-term priority and included in Sunda’s KPIs for 2024 and 2025.

The Company has a focused approach to new business, shepherding limited resources in capital and personnel, whilst leveraging its competitive advantages in Southeast Asia. These include an experienced team that has extensive regional knowledge and is reputed for its high technical and operating standards, and the Company’s strong relationships with governments and industry peers. Sunda sees quality opportunities of scale across the region and is focused on target asset types that can be categorised as follows:

- Large, low-risk “Chuditch-type” gas exploration and appraisal assets, which have been significantly de-risked by earlier industry activities
- Infrastructure or market-led opportunities, typically onshore or in shallow waters, where resources sizes may be smaller, but with material value and shorter timelines to monetisation
- Production assets that are identified as accessible and value-additive

It is in the context of the first of these themes that the Company announced on 28 August 2024 that it had applied for two Petroleum Service Contracts for offshore licence areas in the 1st Conventional Energy Bid Round of the Bangsamoro Autonomous Region of Muslim Mindanao (“BARMM”) in the Philippines.

The two blocks sit in an area that the Sunda team knows well and where there is potential for vast energy resources. The applications were made on a non-operated basis in a joint venture partnership with three others, including two Philippines E&P companies. Under the joint venture agreement, Sunda will have a 37.5% interest in these blocks, which contain material gas discoveries that point to significant upside potential.

As of the date of this report, the Company has not received news from the Philippines authorities regarding the award of the Service Contracts, although it is confirmed that the bids made have been fully evaluated and endorsed, and are now with the office of the President of the Philippines for final approval and signature. Further updates on these high potential blocks will be announced once confirmation of award is received.

Other New Business opportunities are being actively pursued in line with the strategy described above.

Corporate and Social Responsibility

Following the changes undertaken by the Company during 2024, and with its ambitions to become an important regional player in SE Asia, Sunda is putting increased efforts into a meaningful CSR programme in the areas where we operate, currently Timor-Leste.

As part of our in-country Timor-Leste activities, the Company undertakes various initiatives to develop the capabilities of the Timorese geological community, through relationships with local universities and professional organisations. During 2024, we welcomed a number of student interns and sponsored a student through a scheme run by the Timor-Leste Student Chapter of the Society of Petroleum Engineers (“SPE”). The Company also sponsored and gave presentations to the new full Timor Leste SPE Chapter and to university law students on the energy industry and an event jointly coordinated with the Association of International Energy Negotiators.

Chairman’s Statement & Operations Report
(continued)

During 2024, the Company instigated discussions with the Ministry of Education to seek ways to contribute to educational assistance for the community in Dili where our local office and team are located. As a result of these discussions, it was decided to assist with the renovation of pre-school/kindergarten facilities. A number of schools were visited, and a pre-school in Manleuana on the south side of Dili was selected. On review, it was decided that the facilities at this pre-school were in such poor condition that it would be better to demolish and construct anew. A contract was therefore awarded in January 2025 and the new pre-school buildings are scheduled to be officially opened in June 2025.

Corporate update

On 29 February 2024, the Company completed a Placing, Subscription and WRAP Retail Offer of new ordinary shares at 0.05p to raise £3.26 million (gross). The monies were deployed in support of drilling preparations on the Chuditch PSC (Timor-Leste).

On 15 March 2024, Andy Butler, previously Director Asia-Pacific, took on the role of Chief Executive replacing Andy Yeo, who left the Company on 1 April 2024. On 22 April 2024, John Wakefield stepped down as Non-Executive Chairman and I was appointed in his place. In addition, on that date, it was announced that Dr John Chessher had been appointed as an Independent Non-executive Director and Rob Collins had been appointed as non-Board Chief Financial Officer. On 30 April 2024, Jon Ford stepped down from the Board, although he has been retained by the Company in a part-time consultancy role. Later, on 12 August 2024, it was announced that Rob Collins had been appointed to the Board.

Following the changes to the Board, the Company instigated a review of its governance structure. The company has joined the Quoted Companies Alliance and adopted its updated Guidelines published in 2023, as outlined in the Corporate Governance section of this report. The Terms of Reference of the board committees have been revisited and a new Health, Safety and Environment (“HSE”) Committee established.

Conclusions

2024 was a year of tremendous change for the Company. With significant changes to the Board, management and direction, it made sense to change the name. Sunda Energy Plc is now a company truly focused on SE Asia, and in particular gas projects in that region. The Company has built on its exciting and valuable asset in Timor-Leste, putting together a highly experienced operating team and evaluating a pipeline of material new venture opportunities across the region.

I am pleased to report the significant progress in preparations towards the drilling of an appraisal well on the Chuditch field. We look forward with great excitement to the drilling of that well, the first to be operated by the Company and a critical milestone in realising the considerable and potentially transformative value of Chuditch for the Company and its shareholders. In addition, I look forward to the award of our applications in the Philippines and further expanding the Company’s portfolio of material gas assets in Southeast Asia.

Note of Appreciation

I extend my thanks to all stakeholders of the Company, including my fellow directors, our dedicated and hard-working employees and consultants, and our Timorese joint venture and government partners, for their strong support of the Company’s efforts. In these uncertain times, we are especially grateful for the support of our investors, who have patiently followed our progress towards the key Company milestone of our first operated well, the highly material Chuditch-appraisal. As we move forward, the Company remains firmly committed to striving for operational excellence and pursuing strategic opportunities that will drive long term success.

Gerry Aherne

Non-executive Chairman

30 May 2025

Strategic Report

The Directors now present their strategic report with the financial statements of Sunda Energy Plc ("the Company") and its subsidiaries (collectively "the Group") for the year ended 31 December 2024.

Principal activities

The principal activity of the Group is that of exploration for, and appraisal of, oil and gas.

Business review

A review of the Group's business during the financial period and its likely development is given in the Chairman's Statement & Operations Report.

Key Performance Indicators (KPIs) 2024

The KPIs for 2024 were to:

- ensure all workplace and operational activities are conducted without harm to staff, contractors or third parties, built around a clear set of HSE policies and procedures;
- complete organisational and technical preparations, including site survey, to be ready for the drilling of the Chuditch-2 appraisal well by Q1 2025;
- secure necessary financing to drill the Chuditch-2 appraisal well by Q1 2025 subject to rig availability;
- implement a business strategy focused around existing and possible new venture assets in the SE Asia region; and
- ensure that the Company remains sufficiently funded for current operations.

The Company remained well funded through the year and able to cover all current obligations. The Board considers that all KPIs for 2024 have been achieved.

Key Performance Indicators (KPIs) 2025

The Board has agreed the following KPIs for 2025 which are intended to be measurable and achievable, whilst targeted at making material progress in the development of the Company and its key asset.

The KPIs for 2025 are to:

- secure necessary funding to drill the Chuditch-2 appraisal well;
- successful completion of the Chuditch-2 appraisal well;
- secure new venture licences in the SE Asia region;
- ensure that the Company remains sufficiently funded for current operations;
- ensure all workplace and operational activities are conducted without harm to staff, contractors or third parties built around a clear set of HSE policies and procedures.

Key risks and uncertainties

Exploration for hydrocarbons is highly speculative and involves significant degrees of risk. The Board constantly monitors the operational and financial aspects of the Company's activities and is responsible for the ongoing review of business risks and implementation of appropriate internal controls. While risks cannot be eliminated entirely, internal controls are implemented so as to reasonably minimise losses.

At present, the Company considers its principal risks to be the following:

Exchange rate fluctuations

Currency risk arises because the Group has operations whose functional currency is not the same as the functional currency that the Group operates under. It is the Group's policy to ensure that individual Group entities enter into local transactions in their functional currency wherever possible. The Company's main banking arrangements are based in the UK and SE Asia. The Group reports in Sterling.

Impact

In 2024, around 64% of Sunda's expenditure was transacted in US Dollars, almost all of it arising from its activities on the Chuditch Project. For the year as a whole, there was a gain on holdings of US Dollar balances of £15,000 compared to a loss of £32,000 in 2023.

Strategic Report
(continued)

Action

Corporate and capital expenditure budgets are set annually. As the Chuditch project moves toward the drilling phase, the US Dollar requirement has increased significantly. In order to mitigate currency risk exposure, the Group has secured financing from investors and partner in US Dollars. At this stage, the Group does not intend to enter into hedging arrangements or structured products.

Oil and gas prices and market sentiment

The Group's activities are influenced by international oil and gas prices and market sentiment with respect to the availability of finance and the cost of services and equipment. As the Company's principal asset is pre-production there is less risk from oil and gas prices. The Chuditch asset is predominantly gas and future pricing on development will be influenced to a greater degree by the regional gas market, in particular the LNG market.

Impact

The volatility in oil and gas prices can have a significant effect both on the upside and downside. Prices increases can significantly affect the availability and cost of specialist staff, technical services and equipment. In the event of downward price pressure and negative macro sentiment, finance for the oil and gas sector can be more difficult to secure. However, the associated costs of operations should reduce.

Action

The Group constantly reviews oil and gas prices and pricing and their potential impact on our ability to access to specialist staff, services and equipment. In addition the Group maintains contact with numerous providers of capital globally and differing sources of finance.

Performance guarantee

The Group has provided a US$2m cash-backed performance guarantee and a non cash-backed Parent Company Guarantee for US$3.2m in respect of its licence in Timor-Leste. In the event that work commitments under the Chuditch PSC are not met, then these guarantees could be called in.

Impact

In the event that the Group forfeits a deposit under any guarantee, this will lead to a permanent reduction in asset value.

Action

The Group has recently secured financing through a convertible loan note and will reduce its financial exposure to the well through the farm out to TIMOR GAP. A rig contract is expected to be signed shortly and drilling of the Chuditch-2 well is now scheduled to commence in August 2025. This will fulfil the Year 3 work commitment and release of the performance guarantee.

Liquidity

The Group is exposed to liquidity risks, including the risk that assets cannot readily be converted to cash without the loss of value.

Impact

Failure to manage financing risks could have a material impact on the Group's cash flows, earnings and financial position as well as reducing the funds available to the Group for working capital, capital expenditure, acquisitions, dividends and other general corporate purposes.

Action

The Group manages liquidity risk by maintaining adequate levels of cash balances. As at the end of 2024, the Group's cash reserves of £3.2m were primarily spread amongst three large international banks in the UK and Singapore.

Taxation

Tax law is evolving and is subject to different and changing interpretations, as well as inconsistent enforcement. Tax regulation and compliance is subject to review and investigation by the authorities who may impose severe fines, penalties and interest charges.

Impact

The uncertainty of interpretation and application, and the evolution, of tax laws in the territories in which we operate creates a risk of additional and substantial payments of tax or other unintended consequences by the Group, which could have a material adverse effect on the Group's cash flows, earnings and financial position.

Action

The Group makes every effort to comply with tax legislation, takes appropriate professional tax advice and works closely with tax authorities to ensure compliance and active management of its fiscal positions. The Group has engaged a specialist tax advice to provide guidance on its tax affairs in Timor-Leste.

Directors' duties – S172 Companies Act 2006 Directors' duties to promote the long-term success of the Company

This section serves as the Company's s172 Statement and should be read in conjunction with the Strategic Report and the Company's Corporate Governance Statement contained within this Annual Report.

The Board of Directors confirms that during the year under review, it has acted to promote the long-term success of the Group for the benefit of shareholders, whilst having due regard to the matters set out in Section 172(1)(a) to (f) of the Companies Act 2006, being:

(a) the likely consequences of any decision in the long term;

(b) the interests of employees;

(c) the need to foster the business relationships with suppliers, customers and others;

(d) the impact of the Group's operations on the community and the environment;

(e) the desirability of maintaining a reputation for high standards of business conduct; and

(f) the need to act fairly between all shareholders.

This statement describes how the Directors have regard for s172 Matters.

Section 172 Matters are set out in all Board meeting packs to ensure these are front of mind, and the Directors are reminded of their duty under s172(1) at the start of each Board meeting. Consideration of broader s172 matters forms an integral part of Board discussion; the Directors as a matter of course have regard to the need to maintain a reputation for high standards of business conduct, the need to act fairly between shareholders, and the long-term consequences of their decisions. Stakeholder considerations on the whole will be brought to the Board's attention through reports and presentations given during the Board meetings. These considerations are referenced in meeting papers as relevant, and discussions recorded in the meeting minutes.

The Board recognises the importance of its key stakeholder groups, including shareholders, and engagement with them. The Board makes a conscious effort to understand the principal issues that matter to each stakeholder group and any conflicting interests. The Directors' understanding of stakeholders is factored into boardroom discussions, regarding the potential long-term impacts of strategic decisions on each group, and how to best address their needs and concerns.

The below table sets out the key stakeholders identified by the Board, their importance to the Group and how the Board engages with them.

Stakeholder	Why is this stakeholder group important for the Company's long term success and what are their interests?	How we engage
Investors	Our shareholders expect us to maximise long-term value creation and the Company operates for the long-term benefit of its shareholders. Their Interests: • Sustainability • ESG performance • Ethical behaviour • Company reputation • Comprehensive review of financial performance of the business over the long-term • Awareness of long-term strategy and direction	• Transparency in all communications • Regular updates from executive and non-executive directors, as well as from advisers and investment banks who have the relationships with certain of the underlying shareholders and meetings with investors. • The AGM, investor roadshows and other conferences represent further opportunities for direct shareholder engagement with the Board. • Keeping shareholders up to date with the Company's activities through our Annual Report, the Company's website, stock exchange announcements, press releases and regular reports and analyses for investors and shareholders.
Employees and contractors	Our employees play a central role in delivering the Group's long-term strategy. Their Interests: • Terms and conditions of contract • Health and safety • Human rights and modern slavery	• The Board constantly seek opportunities to engage with the workforce. Given the size of the Company's workforce, the Board and Directors regularly engage with employees through the normal course of business. • The Company has, in early 2025, updated its anti-bribery and whistleblowing policies. • The Company has in place an HSE Committee that is responsible for the review and management of the Company's HSES framework and oversight of management in this regard.
Government and regulatory bodies	Compliance with all applicable legal and regulatory obligations is key to our long-term success Their Interests: • Compliance with regulations • Employee pay, conditions and welfare • Health and Safety • Company reputation • Environmental impact • Insurance	• We ensure our demonstrable compliance with established national and international environmental social governance and ethical standards. • Establish and maintain good relations with responsible authorities and always seek dialogue with them to fulfil our obligations. • Ongoing communication and engagement with the Timor-Leste Government.

Strategic Report
(continued)

Stakeholder	Why is this stakeholder group important for the Company's long term success and what are their interests?	How we engage
Environmental agencies and interest groups	The Company is committed to safeguarding the environment and complying with all relevant environmental regulations. Their Interests: • Sustainability • Biodiversity, energy, water and waste management • Climate change	• The Board takes its ESG responsibilities seriously as set out in the review of operations on page 7 of this report. • The Company has engaged in best practice environmental studies in preparation for the drilling of the Timor-Leste Asset. • The Company has put in place the HSE Committee that has responsibility for oversight of the Company's environmental impact.
Community	We have an important role to play in supporting the communities in which we operate. • Sustainability • Community engagement • Human Rights	• The Company is actively engaged in ESG in Timor-Leste and is, at the time of this report, engaged with its local partner TIMOR GAP in rebuilding a pre-school facility near Dili. • The Company has strong and positive relationships with local partners in Timor-Leste.

By order of the Board

Gerry Aherne
Non-executive Chairman

30 May 2025

Report of the Directors

The Directors submit their report together with the audited financial statements of Sunda Energy Plc ("the Company") and its subsidiaries (collectively "the Group"), for the year ended 31 December 2024.

Directors

The following are biographical details of the Directors of Sunda Energy Plc.

Gerry Aherne, Non-executive Chairman (appointed 22 April 2024)

Gerry Aherne has a wealth of career experience in the insurance and financial markets, having been a founding director of PRI Group plc, a directors' and officers' liability insurer, and having held non-executive directorships with Henderson Group plc, Mecom Group plc, Omnis Investments Ltd, and Iveagh Ltd. He was Investment Director at Schroder Investment Management for 16 years, managing pension funds and unit trusts, Chairman of Electric & General Investment Trust plc, and Chairman of Cenkos Securities plc from 2012 to 2018. He is currently Managing Partner of Javelin Capital Partners LLP.

Dr Andrew Butler, Chief Executive Officer

Andy Butler has over 30 years of experience in the oil and gas sector and brings relevant expertise to the Company's Board. Andy has had involvement with the Company since 2016, when it entered into a joint venture agreement with SundaGas Pte Ltd, a company he founded and which ultimately led to the signing in 2019 of the Timor-Leste TL-SO-19-16 Production Sharing Contract. He has been a person discharging managerial responsibilities ("PDMR") of the Company since 2021 and was appointed Chief Executive Officer on 15 March 2024, and continues to manage the Company's Timor-Leste project. He is a director of the Company's three subsidiaries in Asia. Andy is also an Independent Non-executive Director of RH Petrogas Ltd, a company listed on the Singapore stock exchange.

Andy has previously worked for Hess Corporation, BG Group andMitra Energy Ltd (subsequently renamed Jadestone Energy Plc). Andy is a Fellow of the Geological Society of London and an active member of the South East Asia Petroleum Exploration Society (SEAPEX), the Geoscience Energy Society of Great Britain, the Society of Petroleum Engineers, the Association of International Energy Negotiators and the Singapore Institute of Directors. He has a Ph.D. in Geology from the University of Cambridge and a B.A. in Geology from the University of Oxford.

Rob Collins, Chief Financial Officer (appointed 11 August 2024)

Rob Collins has over 20 years' experience in natural resources corporate finance, advising on a broad range of corporate transactions spanning various commodity groups and transactions primarily at Evolution Securities, Canaccord Genuity Europe and GMP Securities Europe. He has successfully advised on numerous IPOs, public and private equity raises and M&A transactions for many UK, Canadian and Australian listed companies as well as acting as CFO for Victoria Oil & Gas Plc. Rob commenced his career at Coopers and Lybrand and is a qualified Chartered Accountant. Rob has been working with the Company, initially as a consultant, since December 2023. He is also a director of the Company's three subsidiaries in Asia.

Keith Bush, Non-executive Director

Keith Bush is an experienced quoted company director having worked for over 30 years in the energy industry. He has a petroleum engineering background, with significant experience in the oil and gas sector. Previously he has worked for Amerada Hess, Burlington Resources and E.ON Ruhrgas, before joining AIM listed Northern Petroleum plc, initially as COO and later as CEO. Keith is currently COO of Hartshead Resources a company listed on the ASX. He holds a B.Sc. in Physics from the University of Manchester. He was appointed as a Non-executive Director of the Company in 2022.

Dr John Chessher, Non-executive Director (appointed 22 April 2024)

John Chessher is a highly experienced investment industry professional who has held CEO and director-level positions at leading asset management and investment banking firms. John has extensive knowledge and experience of corporate research and capital raising, including as CEO of Cenkos Securities Asia and Head of Asia Pacific Research at Schroder Investment Management. He holds an MA in Engineering Science from University of Oxford and DBA, MSc and MBA qualifications from Henley Business School. He is a CFA charter-holder and currently combines non-executive and advisory roles with his position as a lecturer at Henley Business School.

Report of the Directors
(continued)

The following were also directors during the period.

- Andrew Yeo – resigned 31 March 2024
- John Wakefield – resigned 22 April 2024
- Jon Ford – resigned 30 April 2024

Proposed dividend

The Directors do not recommend the payment of a dividend in respect of the financial year ended 31 December 2024 (2023: nil).

Policy and practice on payment of creditors

The Group and Company policy, in relation to all of its suppliers, is to settle the terms of payment when agreeing the terms of the transactions and to abide by those terms. The Group and the Company do not follow any code or statement on payment policy. The creditor days as at 31 December 2024 were 35 days (2023: 6 days).

Activities and results

A loss of £2,049,000 (2023: £1,712,000), of which £2,049,000 (2023: £1,712,000) was attributable to equity shareholders, was recorded for the year. Net assets of the Group as at 31 December 2024 amounted to £9,319,000 (2023: £8,255,000), of which £9,319,000 (2023: £8,255,000) was attributable to equity shareholders.

Details of the Group's affairs and the development of its various activities during the period, important events since the period end, and details of the Company's plans for the next year are given in the Chairman's Statement & Operations Report.

Issue of shares

The Company issued 6,528,023,360 new ordinary shares of £0.00025 each at £0.0005 per share on 29 February 2024 for cash, raising £3,264,000 gross (£2,933,000 net of costs).

On 16 May 2025, 3,125,594,493 new Ordinary Shares were issued at a price of 0.03995p per share as a result of the conversion of Convertible Loan Notes. See Events After the Reporting Period below for further details.

The Environment

The Group is firmly committed to protecting the environment wherever it does business and will do our upmost to minimise the impact of our activities on the environment. Both the Group and its employees will try to be recognised by regulatory agencies, environmental groups and governments where we do business for our efforts to safeguard the environment. During the reporting period, the Group has established a Health, Safety and Environmental Committee which has responsibility for oversight of both key Health, Safety, Environmental and Security events that occur within the business and management's responses to such events. The Committee reports to the Board as required. For further information on the HSE Committee, please see the Corporate Governance report on page 22.

Community

The Directors believe it is the Group's responsibility as a good corporate citizen to improve the quality of life in the communities in which it does business. Where possible, the Group will seek to contribute towards local cultural and educational organisations. In Timor-Leste, the Group is actively supporting students in various educational initiatives as part of its Corporate and Social Responsibility programme described in the Chairman's Statement & Operations Report.

Future outlook

Details of the Group's affairs and the development of its various activities during the period, important events since the period end, and details of the Company's plans for the next year are given in the Chairman's Statement & Operations Report.

Report of the Directors
(continued)

Directors' interests

The interests of the Directors who were in office at the year end, and their families, in the issued share capital of the Company are as follows:

	31 December 2024		31 December 2023	
	No. of Ordinary shares	**% Holding**	**No. of Ordinary shares**	**% Holding**
A Butler	**692,601,442**	**2.7%**	628,601,442	3.3%
A Yeo*	**–**	**–**	193,000,000	1.0%
J Ford*	**–**	**–**	22,500,000	0.1%
J Wakefield*	**–**	**–**	20,000,000	0.1%
K Bush	**–**	**–**	–	–
G Aherne	**60,000,000**	**0.2%**	–	–
J Chessher	**6,000,000**	**0.0%**	–	–
R Collins	**–**	**–**	–	–
	758,601,442	**2.9%**	864,101,442	4.5%

Options held by the Directors are as follows:

	31 December 2024 Number of options £0.0007(1)	**31 December 2023 Number of options £0.0007(1)**
A Yeo	**–**	250,000,000
J Ford	**–**	140,000,000
	Number of options £0.0006(2)	**Number of Options £0.0006(2)**
A Yeo	**–**	290,000,000
J Ford	**–**	180,000,000
	Number of options £0.0007(3)	**Number of options £0.0007(3)**
A Butler	**175,000,000**	175,000,000
	Number of options £0.000725(4)	**Number of options £0.000725(4)**
A Butler	**425,000,000**	–
R Collins	**300,000,000**	–
Total	**900,000,000**	1,035,000,000

(1) Each £0.0007 option grants the holder the right to subscribe for one Ordinary Share at £0.0007 per share and are granted under one option contract exercisable at any time prior to 22 July 2031.

(2) Each £0.0006 option grants the holder the right to subscribe for one Ordinary Share at £0.0006 per share and are granted under one option contract exercisable at any time prior to 17 December 2031.

(3) Each £0.0007 option grants the holder the right to subscribe for one Ordinary Share at £0.0007per share and are granted under one option contract exercisable prior to 14 July 2025. See note 19 on page 61 for vesting conditions.

(4) Each £0.000725 option grants the holder the right to subscribe for one Ordinary Share at £0.000725 per share and are granted under one option contract exercisable prior to 20 November 2034. See note 19 on page 61 for vesting conditions.

* The interests in shares and options held by Messrs Yeo, Ford and Wakefield at 31 December 2024 are not shown as they resigned from the Board during the year.

Except as shown in note 24 to the Financial Statements (Related Party Transactions) on page 67, there have been no contracts or arrangements of significance during the period in which the Directors of the Company were interested.

Currently there are Appointment Letters and Service Contracts in place with all Directors of the Company and these contracts are available for inspection at the registered office of the Company on request.

Remuneration policy

The Remuneration Committee is responsible for the Company's Remuneration Policy which is to provide a remuneration package which will attract and retain individuals with the ability and experience required to manage the Company. Post period, the Remuneration Committee approved a Remuneration Policy ("Remuneration Policy") which aims to:

- Motivate directors and support the delivery of business objectives in the short medium and long term;
- Align the interests of the executive team with the long-term interests of shareholders;
- Encourage the executive team to operate within the risk parameters set by the Board; and
- Ensure that Sunda Energy can recruit and retain high quality executives through packages that are fair and attractive but not excessive.

The Remuneration Policy sets out that executive Remuneration shall constitute three elements: Salary; Performance-related remuneration and Employee share options. Salary is set based on each executive's experience, contribution and value to Sunda Energy. Salary will be reviewed annually with no guarantee of increase.

Performance-related remuneration will normally be paid in the form of a cash bonus. Any such awards will be based on the achievement of stretching and transparent targets that are set to be aligned with the creation of shareholder and other stakeholder value. These are revised annually and could include:

- Strategic milestones
- KPIs
- Key financial value drivers
- Key non-financial value drivers, including ESG-linked targets.

Employee share options will be awarded to eligible personnel. The Remuneration Committee will review those eligible, with input provided by management where appropriate.

The Remuneration Committee takes into account both Company and individual performance, market value and sector conditions in determining remuneration. This includes benchmarking against the Company's key performance indicators ("KPIs"). The Company maintains a policy of paying fair salaries compared with peer companies in the independent oil and gas sector. All current salaries are without pension benefits. Notice periods for Executive Directors are 6 months.

Base salaries are reviewed annually or when individuals change positions or responsibility, or the Company's situation changes.

The Board considers that its Remuneration Committee and Remuneration Policy are appropriate to the Company's current size, organisation and level of operations.

Report of the Directors
(continued)

Salaries and benefits

Details of salaries plus non-cash benefits paid during the year are shown below.

	Base salary/ fee £	Company car £	Benefits-in-kind*** £	Other**** £	Share-based payments £	Year ended 31 December 2024 Total £	Year ended 31 December 2023 Total £
J Wakefield	15,577	–	–	12,500	–	**28,077**	50,000
A Butler*	–	–	–	–	17,333	**17,333**	–
A Yeo	47,115	3,544	18,947	267,533	–	**337,139**	280,142
J Ford	25,335	–	750	36,938	–	**63,023**	77,979
K Bush	35,000	–	–	–	–	**35,000**	30,000
G Aherne**	42,179	–	–	–	–	**42,179**	–
J Chessher	28,308	–	–	–	–	**28,308**	–
R Collins	91,667	–	–	–	12,235	**103,902**	–
	285,181	**3,544**	**19,697**	**316,971**	**29,568**	**654,961**	**438,121**

* Dr A Butler was appointed to the Board on 1 July 2023. In previous years, fees in respect of his services were paid to SundaGas Pte Ltd ("SGPL"), a company in which he is a significant shareholder. A service contract in respect of Dr Butler was executed in March 2025 and the existing arrangement with SGPL continued throughout 2024 with fees amounting to £321,376 (1 July to 31 December 2023: £128,645). Refer to note 24 on page 67 for details of related party transactions with companies controlled by Directors.

** Fees in respect of Mr G Aherne are paid to Javelin Capital Partners LLP. Refer to note 24 on page 67 for details of related party transactions with companies controlled by Directors.

*** Benefits-in-kind relate to healthcare, death-in-service benefits, and legal fees paid on behalf of director on termination.

**** Compensation for loss of office.

No pension contributions were made during the period for the Directors (2023: none). The Directors did not receive any other emoluments, compensation or cash or non-cash benefits other than that disclosed above.

Employees

The Group seeks to keep employees informed and involved in the operations and progress of the business by means of regular staff meetings by country open to all employees and directors.

The Group operates an equal opportunities policy. The policy provides that full and fair consideration will be given to disabled applications for employment and that existing employees who become disabled will have the opportunity to retrain and continue in employment wherever possible.

Events after the Reporting Period

On 24 April 2025, the Company announced that its wholly owned subsidiary SundaGas Banda Unipessoal, Lda. ("SundaGas") will be entering into a binding Farm In Agreement with its government-owned joint venture partner TIMOR GAP Chuditch Unipessoal Lda ("TIMOR GAP"). In addition, the Company conditionally raised up to US$9.0 million, before expenses, by way of the issue of unsecured convertible loan notes ("Loan Notes" or "CLNs") to three institutional investors. Together, these combined funding arrangements will enable the Company to execute a contract for the use of a jack-up rig to drill the Chuditch-2 appraisal well.

Under the terms of the Farm In Agreement, SundaGas will assign an initial 30% interest to TIMOR GAP. This interest is in addition to the 15% interest acquired by TIMOR GAP in the farm in transaction completed on 8 February 2024 and its original 25% interest (which portion is carried to first gas). This assignment will result in SundaGas retaining a significant 30% working interest in the Chuditch PSC, while TIMOR GAP will have a 70% interest.

On 13 May 2025, the Company announced that each investor has subscribed for the initial tranche of an aggregate of US$1.5 million of Loan Notes, and funds were received on the same day. On 16 May 2025, the Company further announced that it had received notice from all of the participating investors to convert all of the outstanding balance of their

Report of the Directors
(continued)

Loan Notes into Ordinary Shares of 0.025p each in the Company. As a result, 3,125,594,493 new Ordinary Shares were issued at a price of 0.03995p per share. In addition, the Company has granted Warrants to the investors pursuant to the conversion. In aggregate, 1,803,227,592 Warrants have been granted to the investors. One Warrant will entitle the Investors to subscribe for one Ordinary Share at a price of 0.051935 pence.

Financial Review

Liquidity & Share Trading

The Board believes that high liquidity is important in attracting both small and institutional investors to the Company. During the last financial period the Company has had a high stock liquidity on the E&P sector on AIM.

Shares in Issue and Shareholders Profile

The number of shares in issue at 28 May 2025 was 28,636,378,281 Ordinary Shares, with each share having equal voting rights. Sunda Energy Plc has 950 registered shareholders.

The shareholding distribution at 28 May 2025 is as follows:

Range	No of shares	No of shareholders
>10%	15,484,711,920	3
5-10%	1,530,416,430	1
1-5%	9,921,451,624	12
0.5-1%	237,000,000	1
>0.5%	1,462,798,307	933
	28,636,378,281	950

Significant shareholdings

The Company has been informed that, as of 28 May 2025, the following shareholders owned 3% or more of the issued share capital of the Company:

Name	Shares	% of company
Hargreaves Lansdown (Nominees) Limited	8,240,835,658	28.78%
Interactive Investor Services Nominees Limited	3,827,187,263	13.36%
HSDL Nominees Limited	3,416,688,999	11.93%
Vidacos Nominees Limited	1,530,416,430	5.34%
Barclays Direct Investing Nominees Limited	1,416,741,219	4.95%
Interactive Brokers Llc	1,320,820,103	4.61%
Lawshare Nominees Limited	1,221,619,109	4.27%
HSBC Client Holdings Nominee (UK) Limited	1,201,700,820	4.20%

Listing

The Company's ordinary shares have been traded on the AIM market of the London Stock Exchange since 14 July 2004. Allenby Capital Limited is the Company's Nominated Adviser and Joint Broker, H&P Advisory Limited were appointed as the other Joint Broker on 23 April 2025. The closing mid-market price on 28 May 2025 was 0.0475p.

Financial instruments

Details of the financial risk management objectives and policies, and details on the use of financial instruments by the Company and its subsidiary undertakings, are provided in note 20 to the financial statements on page 62.

Going concern

The Directors have prepared a cash flow forecast covering the period to 30 June 2026 which contains certain assumptions about the development and strategy of the business. The Directors are aware of the risks and uncertainties facing the business and the assumptions used are the Directors' best estimate of its future development.

The Group intends to enter into a rig contract shortly to drill the Chuditch-2 appraisal well as part of the work program for Year 3 of the PSC. It is anticipated that the well will spud in August 2025. In order to finance the Chuditch-2 well the Group has, subject to the completion of certain conditions precedent including the execution of a rig contract, farmed out an additional 30% interest in the PSC to TIMOR GAP and has secured a US$9 million unsecured convertible loan note ("CLN") of which US$1.5m has been drawn and converted into equity. The CLN contains draw down restrictions, including minimum market capitalisation of the Company and minimum trading volume. In the event that these restrictions take effect, the investors and the Company may mutually agree to waive the restriction(s). Furthermore, the CLN allows for the acceleration of the drawdown of the loan amounts. However, there is no guarantee that the investors will consent in either of these cases.

The cash flow forecast has been prepared on certain assumptions, the most significant of which are the full drawdown of the CLN, the acceleration of the drawdown schedule, the partial exercise of warrants associated with the CLN, and the expected recovery of the performance guarantee bond on or before the completion of the drill program. On the basis of the assumptions made in the cash flow forecast, the Group will have sufficient funds to pay its share of drilling costs as well as operational overheads of the Group for the period to 30 June 2026.

There is a possibility that well costs may increase significantly above the forecast spend and the Group may need to seek additional funding to cover its share of these costs. In order to mitigate this risk the Board have carefully budgeted and procured key contracts associated with the drilling campaign. Based on previous discussions with the Company's broker and certain investors, the Directors are confident of their ability to raise additional funds through new placing of shares or through other means, however there is no certainty that such fundraising will be successful. Similarly, if certain assumptions made in the forecast are not achieved then additional funds may be required. The Directors are confident that any cash shortfall can be met through the actions described above.

These conditions indicate that there is a material uncertainty which may cast significant doubt over the Group and Company's ability to continue as a going concern.

After considering the forecasts and the risks, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements. The financial statements do not include any adjustments that would result if the Group was unable to continue as a going concern.

The Group's Consolidated Financial Statements have been prepared on the going concern basis as detailed in Note 1.

Publication on Company's website

Financial statements are published on the Company's website (www.sundaenergy.com). The maintenance and integrity of the website are the responsibility of the Directors. The Directors' responsibility also extends to the financial statements contained therein. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other countries.

Indemnity of officers

The Group may purchase and maintain, for any director or officer, insurance against any liability and the Group does maintain appropriate insurance cover against legal action bought against its directors and officers.

Statement of disclosure to auditors

So far as the Directors are aware, there is no relevant audit information of which the Group's auditors are unaware, and they have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Group auditors are aware of that information.

Auditor

Gravita Audit Limited has indicated that it will not seek re-appointment as the company's auditor at the forthcoming Annual General Meeting as, following a business reorganisation, its audit services will be provided by another Gravita entity. A resolution to appoint Gravita Audit II Limited as the company's auditor will be proposed at the forthcoming Annual General Meeting.

By order of the Board

Geoffrey Barnes

Secretary

30 May 2025

Corporate Governance Statement

The Directors recognise the importance of sound corporate governance. The Company has adopted the 2018 QCA Corporate Governance Code (“QCA Code”), which the Directors consider appropriate for a company of its size and nature. The QCA Code takes key elements of good governance and allows companies to apply them in a manner which is appropriate for the differing needs of small companies. The QCA Code is formed of 10 principles and is implemented on an “Comply or Explain” basis. The “Comply or Explain” maxim allows companies to inform shareholders where policies differ from the norm and why. The Company has set out its current application of the QCA Code in its Statement of Compliance with the QCA Corporate Governance Code, which is available on our website at https://sundaenergy.com/responsibility/corporate-governance/.

During 2024 the Company has put in place corporate governance changes such that it can transition from the current QCA Code to the 2023 QCA Corporate Governance Code (“New QCA Code”). These changes are detailed through the remainder of this statement. In line with the QCA’s guidance, the Company will complete its transition to a new QCA Code during 2025 and report against this Code from the 2025 Annual Report onwards.

The Board

The Board comprises two executive directors and three non-executive directors, details of whom are contained in the Report of the Directors included in this report.

The Board holds scheduled meetings at least four times a year and meets to discuss ad hoc matters as required. During 2024, the Board met 11 times. Each Director’s Attendance is laid out below:

Director	Attended (Meetings Eligible)
Andrew Yeo (former CEO)	3 (3)
John Wakefield (former Chair)	4 (4)
Jon Ford (former Technical Director)	4 (4)
Andy Butler (CEO)	11 (11)
Keith Bush (NED)	11 (11)
Gerry Aherne (Chair)	7 (7)
John Chessher (NED)	6 (7)
Robert Collins (CFO)	5 (5)

During 2024, the Board approved a new set of Matters specifically reserved for decision by the Board of Directors (“Matters Reserved”). This document reflects the requirements of the New QCA Code and sets out the Board’s responsibility for, amongst other things, strategy, risk management and internal controls, major capital projects, policies and all significant financial and operational issues.

The Audit Committee

The Audit Committee is comprised of the three independent Non-executive Directors with John Chessher as Chairman and Gerry Aherne and Keith Bush as members. The Audit Committee meets at least twice a year and the external auditors have the opportunity to meet with members of the Audit Committee without any executive management being present. The Audit Committee met twice during 2024.

The Audit Committee’s terms of reference were reviewed in 2024, with the new version being recommended to and approved by the Board in early 2025. The updated version brings the Committee’s terms of reference in line with the requirements of the New QCA Code. The responsibilities of the Committee include the review of the Interim and Annual Financial Statements, review of internal controls, risk management and compliance procedures, consideration of the Company’s accounting policies and the annual audit. The Committee is also responsible for satisfying itself in regards to disclosures made in the Annual Report. Finally, under the new terms of reference, the Committee is responsible for key recommendations in relation to the external auditor, including monitoring the independence of the external auditor throughout the year.

Corporate Governance Statement
(continued)

The Remuneration Committee

The Remuneration Committee is comprised of the three independent Non-executive Directors with John Chessher as Chairman, and Gerry Aherne and Keith Bush as members. From 2025, the Committee will meet for at least 2 scheduled meetings per year and at other times for ad hoc matters as necessary. In 2024, the Committee met twice. John Chessher, the Remuneration Committee's Chairman, is one of the Company's Non-executive Directors and is considered to be independent.

The Committee's terms of reference were reviewed and updated in 2024 to bring the Committee in line with the New QCA Code. In particular, the new terms of reference reflect the responsibilities and requirements for a remuneration policy under Principle 9 of the New QCA Code ("Remuneration Policy"). This policy applies to the Executive Directors and other senior executives deemed to be within the remit of the Committee. The principles of this policy are set out in the Directors report. The Committee is also responsible for the individual remuneration package of the Chair of the Board and Executive Directors, to be agreed within the limits of the Remuneration Policy. The Committee also monitors the level and structure of compensation awarded to senior employees who are not within the direct remit of the Committee. The Board is responsible for the remuneration of Non-executive Directors. No director or senior executive shall be involved in any decisions as to their own remuneration.

The Committee is responsible for designing, setting targets for and administering performance-related pay schemes operated by the Company. The Committee also reviews the design of all share incentive plans, their approval being reserved to the Board. The Committee is responsible for any awards under such plans.

Health, Safety and Environmental Committee

As the Company is now an active offshore operator in SE Asia, the Board constituted in 2024 a Health, Safety and Environmental Committee ("HSE Committee") with Keith Bush as its Chairman and Andy Butler, Gerry Aherne and John Chessher as members. Rob Collins is an invited attendee to the Committee. The Committee is governed by its terms of reference as approved by the Board in 2024.

The Committee meets prior to every Board meeting and is responsible for review and monitoring of the Company's Health, Safety, Environment and Security ("HSES") framework. The Committee also receives reports from management on key matters related to Health and Safety within the Group and considers management responses to these matters.

The Nominations Committee

Due to the small size of the Group, it is not considered necessary to have a Nominations Committee at this time in the Company´s development and the Board reserves to itself the process by which a new director is appointed. The Board considers succession planning periodically as part of its regular meetings.

Communications

The Company, which also uses third party external communications consultants, provides information on Group activities by way of press releases, Interim and Annual Financial Statements and also its website (www.sundaenergy.com). The Company's website is updated regularly and contains all operational reports, press releases and Interim and Annual Financial Statements.

Internal control

The Board has the overall responsibility for identifying, evaluating and taking the necessary action to manage the risks faced by the Company and the Group. The Board fulfils this obligation by maintaining a sound system of internal control, assurance and risk management including:

a) a robust assessment of the Company's emerging and principal risks to the extent relevant to the business;

b) reviewing the effectiveness of the group's risk management, assurance activities and internal control processes;

c) approving procedures for the detection of fraud and the prevention of bribery and annual review of the same;

d) undertaking an annual assessment of these processes through the Audit Committee; and

e) approving an appropriate statement for inclusion in the annual report.

The process of internal control is not to eliminate risk, but to manage the risk to reasonably minimise loss.

Statement of Directors' Responsibilities

in respect of the Strategic Report, the Report of the Directors and the Financial Statements

Directors' responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period in accordance with applicable law and UK adopted International Accounting Standards. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that year. The Directors are also required to prepare the financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the AIM market.

In preparing those financial statements, the Directors are required:

- to select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether financial statements have been prepared in accordance with UK adopted International Accounting Standards subject to any material departures disclosed and explained in the financial statements; 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 adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

By order of the board

Gerry Aherne

Non-executive Chairman

30 May 2025

Report of the Independent Auditor

to the Members of Sunda Energy Plc

Opinion

We have audited the financial statements of Sunda Energy Plc ('the Company') and its subsidiaries (together 'the Group') for the year ended 31 December 2024 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated and company statement of changes in equity, the consolidated and company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK-adopted International Accounting Standards (IFRS). The financial reporting framework that has been applied in the preparation of the Company financial statements is applicable law and UK-adopted International Accounting Standards (IFRS) as applied in accordance with the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2024 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards (IFRS);
- the Company financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards (IFRS) as applied in accordance with the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 of the financial statements which indicate that according to the Directors' forecast, in a base case scenario, the required financing is dependent on a number of assumptions and events which are outside the control of the Group. Should those events not occur, the Group will need to raise additional funds to continue to meet its obligations as they fall due. Additionally, if the Group's actual share of costs to drill the Chuditch-2 well are in excess of budgeted costs then additional funds will be required. The future exercise of warrants, the release of the Group's $2m performance bond and the full accessibility of the Convertible Loan Notes are uncertain and outside of the Group's control. As stated in the respective disclosures, these conditions along with the other matters set out in those disclosures, indicate that a material uncertainty exists that may cast doubt on the Group and Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 entity's ability to continue to adopt the going concern basis of accounting included the following procedures:

- We performed a detailed review of the Group's cash flow forecasts in comparison to cash balances held shortly before the approval of these financial statements to assess the reasonableness of the starting point for projections;
- We confirmed that the forecasts cover an appropriate period, being at least 12 months from the date of approval of the financial statements;
- We obtained and reviewed the Convertible Loan Note instrument to consider the timing and quantum of potential cash flows arising from that instrument;

- We reviewed the actual trading volumes in the recent period and compared this data to the trading volumes which would give rise to drawdown restrictions associated with the Convertible Loan Notes;
- We noted the recent share price movements and volatility to assess the likely headroom above the drawdown restrictions associated with the Convertible Loan Notes;
- We identified the key assumptions in management's forecasts and identified that these included the planned budget for the Group's share of drilling costs, successfully drawing the Convertible Loan Notes in full, the release of the Group's $2m performance bond and the conversion of 50% of warrants associated with the Convertible Loan Notes to generate proceeds of £2.8m;
- We observed the receipt of $1.5m from the first drawdown of Convertible Loan Notes to a bank statement and drawdown notices;
- We reviewed the draft Farm In agreement with Timor Gap which, upon taking effect, would decrease the Group's working interest to 30% and noted the Conditions Precedent which must be fulfilled before it becomes effective;
- We reviewed the terms of a draft rig contract which, once executed, would form the basis of the single largest expense budgeted for the drilling campaign;
- We reviewed evidence supporting a sample of budgeted drilling costs;
- We considered the degree of expertise the Group has in respect of accurately budgeting for an offshore gas drill and reviewed the inputs to the drill budget;
- We reviewed evidence of the wider political and economic factors of the drill which could impact the interest of third parties in providing funding should additional funds be required;
- We reviewed the suitability of disclosures surrounding going concern including the assumptions made by management in forming their conclusions and the nature of the uncertainties identified in forming that conclusion;
- We considered the likelihood of occurrence of conditions under which Convertible Loan Notes would no longer be available, including a breach of the Production Sharing Contract, the Farm Up Agreement with Timor Gap or the rig contract;
- We reviewed the basis for projected corporate overheads including by reference to recent actual expenditures and other planned activities; and
- We considered the Company's record in sourcing financing and reviewed the opinion of the Company's corporate finance adviser to understand the general sentiment towards continued support for the business and therefore the viability of future fundraising.

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

Our approach to the audit

We tailored the scope of our audit work to ensure we obtained sufficient evidence to support our opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls and the industry in which the Group operates.

As Group auditor we carried out the audit of the Company financial statements and, in accordance with ISA (UK) 600, obtained sufficient appropriate evidence regarding the audit of the Group's Singaporean and Timorese subsidiaries Sundagas (Timor-Leste Sahul) Pte Ltd, Sundagas Banda Unipessoal, Lda and Sunda Energy Ventures Pte Ltd. These subsidiaries were deemed to be significant to the Group financial statements due to their size or function within the Group. The Group audit team directed, supervised and reviewed the work of the component auditors in Singapore who performed a full scope audit of the subsidiaries in Singapore and Timor-Leste, which involved issuing detailed instructions, holding video calls and performing a review of key working papers. Audit work in Singapore and Timor-Leste was performed at materiality levels ranging between £24,000 and £49,000, which was lower than Group materiality.

We also performed targeted procedures in respect of Gold Oil Peru SAC.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at 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. We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement.

Report of the Independent Auditor
(continued)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Impairment of exploration assets (Group) and net investment in subsidiaries (Company) At 31 December 2024 the group held exploration assets of £5.1m (2023: £3.8m). The assets represent costs capitalised associated with the Chuditch asset in Timor Leste in line with the Group's IFRS 6 accounting policy for exploration expenditure under which costs are capitalised once the Group secures the rights to explore and the underlying exploration rights remain in good standing. The Board perform an annual review of impairment indicators based on the available industry, economic and resource data available to them. The Company's net investment in subsidiaries at 31 December 2024 was £8.9m (2023: £5.9m). This balance relates entirely to the Company's subsidiaries in Singapore and Timor Leste and comprises both equity investments and loans. The subsidiaries are solely involved in progressing the Chuditch project and therefore potential impairment of the net investment is assessed on the same basis as impairment of the associated Chuditch exploration asset.	The Directors' impairment review concluded that an impairment was not required in respect of the Group's Chuditch exploration asset, or of the Company's net investment in subsidiaries, at the year end. We have assessed and understood the methodology used by the Directors in their impairment analysis and determined it to be reasonable. We reviewed the underlying Production Sharing Contract and wider available evidence to examine whether the Group had complied with its minimum performance obligations and therefore whether there was evidence of impairment due to non-compliance. We also reviewed the most recent competent persons' report on the Chuditch exploration assets to understand if the basis for the Directors' conclusions was consistent with the information contained within that report. We reviewed management's internal valuation of the Chuditch asset, as well as those prepared by external advisers, for any indication of potential impairment. In respect of the Company's loans to subsidiaries we also examined the basis on which the loans are presented as part of the Company's net investment by reference to the underlying business model, future expectations and intentions of management. We concluded that the Directors' impairment assessment was reasonable and that the Company's loans to subsidiaries were fairly presented as part of the net investment.

Report of the Independent Auditor
(continued)

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

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

	Group	Company
Overall materiality	£100,000 (2023: £100,000)	£99,000 (2023: £99,000)
How we determined it this year	Based on 1% of gross assets.	Based on 1% of gross assets but capped to be lower than Group materiality.
Rationale for benchmark used	The Group's principal activity is the furtherance of its exploration activities and therefore cash and capitalised exploration assets are the Group's key assets. The Group held no debt and minimal liabilities at year end. For this reason, a materiality measure based on gross assets was considered the most appropriate.	The Company principally acts as a holding company and therefore gross assets is an appropriate measure.

We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceed materiality for the financial statement as a whole. Performance materiality was set at £70,000 and £69,300 for the Group and Company respectively.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £5,000 (2023: £5,000) for both the Group and Company respectively as well as misstatements below this amount that, in our view, warranted reporting for qualitative reasons.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Report of the Independent Auditor
(continued)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 26, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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 or the 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 (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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

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

- the senior statutory auditor ensured the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Company through discussions with directors and other management.
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Company including company law, taxation legislation, anti-bribery and anti-money laundering regulations.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence.

Report of the Independent Auditor
(continued)

- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit; and
- we assessed the susceptibility of the Group and Company financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:
  - making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
  - considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

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

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the notes to the financial statements were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions.
- In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:
  - agreeing financial statement disclosures to underlying supporting documentation;
  - reading the minutes of meetings of those charged with governance;
  - enquiring of management as to actual and potential litigation and claims;
  - reviewing the available correspondence with HMRC and the Group's legal advisors.

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

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

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

Use of this report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Joseph Brewer
Senior Statutory Auditor

For and on behalf of

Gravita Audit Limited (Statutory Auditors)
Aldgate Tower
2 Leman Street
London
E1 8FA

30 May 2025

Consolidated Income Statement
for the year ended 31 December 2024

	Notes	2024 £'000	2023 £'000
Revenue		–	–
Cost of sales		–	–
Gross profit		–	–
Exploration and evaluation expenditure	3	(170)	(121)
Intangible asset impairment	9	–	(187)
Property, plant and equipment depreciation	9	(37)	(37)
Peru closure costs		(6)	(26)
Administration expenses	3	(2,222)	(1,455)
Recovery of historic costs on farm-out		221	–
Gain/(loss) on exchange	3	15	(32)
Operating loss	3	(2,199)	(1,858)
Finance cost	6	(2)	(6)
Finance income	6	152	152
Loss on ordinary activities before taxation		(2,049)	(1,712)
Income tax expense	7	–	–
Loss for the year		(2,049)	(1,712)
Loss on ordinary activities after taxation is attributable to:			
Equity shareholders		(2,049)	(1,712)
		(2,049)	(1,712)
Earnings per ordinary share – continuing	8		
Basic		(0.008p)	(0.009p)
Diluted		(0.008p)	(0.009p)

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2024

	2024 £'000	2023 £'000
Loss on ordinary activities after taxation attributable to the parent	(2,049)	(1,712)
Other comprehensive income: items which may subsequently be reclassified to profit and loss		
Exchange difference on translating foreign operations	80	(172)
Total comprehensive loss for the year	(1,969)	(1,884)
Total comprehensive loss attributable to Owners of the parent	(1,969)	(1,884)

Consolidated Statement of Financial Position

at 31 December 2024

	Notes	2024 £'000	2023 £'000
Assets			
Non current assets			
Property plant and equipment	9	**28**	41
Intangible fixed assets	10	**5,059**	3,781
		5,087	3,822
Current assets			
Trade and other receivables	12	**86**	91
Performance bond guarantee deposit	13	**1,596**	786
Cash and cash equivalents	14	**3,171**	3,760
		4,853	4,637
Total assets		**9,940**	8,459
Equity and liabilities			
Capital and reserves attributable to owners of the parent			
Share capital	17	**6,378**	4,746
Share premium account	18	**40,242**	38,881
Share option reserve	18	**338**	319
Foreign exchange translation reserve	18	**795**	715
Retained earnings	18	**(38,434)**	(36,406)
Total equity		**9,319**	8,255
Current liabilities			
Trade and other payables	15	**597**	185
Taxes payable	15	**16**	15
		613	200
Non-current liabilities			
Lease finance	15/16	**8**	4
Total equity and liabilities		**9,940**	8,459

The financial statements were approved and authorised for issue by the Board of Directors on 30 May 2025 and were signed on its behalf by:

G Aherne
Director

A Butler
Director

Company number: 05098776

Company Statement of Financial Position
at 31 December 2024

	Notes	2024 £'000	2023 £'000
Assets			
Non current assets			
Property plant and equipment	9	**19**	9
Intangible fixed assets	10	**–**	–
Investments	11	**8,878**	5,865
		8,897	5,874
Current assets			
Trade and other receivables	12	**58**	56
Cash and cash equivalents	14	**2,379**	3,652
		2,437	3,708
Total assets		**11,334**	9,582
Equity and liabilities			
Capital and reserves attributable to owners of the parent			
Share capital	17	**6,378**	4,746
Share premium account	18	**40,242**	38,881
Share option reserve	18	**338**	319
Retained earnings	18	**(35,731)**	(34,479)
Total equity		**11,227**	9,467
Current liabilities			
Trade and other payables	15	**83**	100
Taxes payable	15	**16**	15
		99	115
Non-current liabilities			
Lease finance	15/16	**8**	–
Total equity and liabilities		**11,334**	9,582

As permitted by section 408 of the Companies Act 2006, the Company's income statement has not been included in these financial statements. The loss of the Company for the year was £1,273,000 (2023: loss of £1,244,000).

The financial statements were approved and authorised for issue by the Board of Directors on 30 May 2025 and were signed on its behalf by:

G Aherne
Director

A Butler
Director

Company number: 05098776

Consolidated and Company Statement of Changes in Equity

for the year ended 31 December 2024

Group	Share capital £'000	Share premium £'000	Retained earnings £'000	Share option reserve £'000	Foreign exchange translation £'000	Total equity £'000
As at 1 January 2023	**4,730**	**38,846**	**(34,707)**	**332**	**887**	**10,088**
Shares issued	16	35	–	–	–	51
Transactions with owners	16	35	–	–	–	51
Loss for the year attributable to equity shareholders	–	–	(1,712)	–	–	(1,712)
Share option reserve released	–	–	13	(13)	–	–
Foreign exchange translation adjustments	–	.	–	–	(172)	(172)
Total comprehensive income for the period	–	–	(1,699)	(13)	(172)	(1,884)
As at 1 January 2024	**4,746**	**38,881**	**(36,406)**	**319**	**715**	**8,255**
Issue of new shares	1,632	1,632	–	–	–	3,264
Share issue costs	–	(271)	–	–	–	(271)
Transactions with owners	1,632	1,361	–	–	–	2,993
Loss for the year attributable to equity shareholders	–	–	(2,049)	–	–	(2,049)
Share based payments	–	–	–	40	–	40
Share option reserve released	–	–	21	(21)	–	–
Foreign exchange translation adjustments	–	–	–	–	80	80
Total comprehensive income for the period	–	–	(2,028)	19	80	(1,929)
As at 31 December 2024	**6,378**	**40,242**	**(38,434)**	**338**	**795**	**9,319**

Consolidated and Company Statement of Changes in Equity

for the year ended 31 December 2024 (continued)

Company	**Share capital £'000**	**Share premium £'000**	**Retained earnings £'000**	**Share option reserve £'000**	**Total equity £'000**
As at 1 January 2023	**4,730**	**38,846**	**(33,248)**	**332**	**10,660**
Shares issued	16	35	–		51
Transactions with owners	16	35	–	–	51
Loss for the year	–	–	(1,244)	–	(1,244)
Share option reserve released	–	–	13	(13)	–
Total comprehensive income for the period	–	–	(1,231)	(13)	(1,244)
As at 1 January 2024	**4,746**	**38,881**	**(34,479)**	**319**	**9,467**
Issue of new shares	1,632	1,632	–	–	3,264
Share issue costs	–	(271)	–	–	(271)
Transactions with owners	1,632	1,361	–	–	2,993
Loss for the year	–	–	(1,273)	–	(1,273)
Share based payments	–	–	–	40	40
Share option reserve released	–	–	21	(21)	–
Total comprehensive income for the period	–	–	(1,252)	19	(1,233)
As at 31 December 2024	**6,378**	**40,242**	**(35,731)**	**338**	**11,227**

Share capital is the amount subscribed for shares at nominal value.

Share premium represents the excess of the amount subscribed for share capital over the nominal value of those shares net of share issue expenses.

Retained earnings represents the cumulative loss of the Group attributable to equity shareholders.

Foreign exchange translation occurs on consolidation of the translation of the subsidiaries balance sheets at the closing rate of exchange and their income statements at the average rate.

Consolidated and Company Statement of Cash Flows

for the year ended 31 December 2024

	Group 2024 £'000	Company 2024 £'000	Group 2023 £'000	Company 2023 £'000
Operating activities	(1,677)	(1,497)	(1,830)	(1,084)
Investing activities				
Return from investment and servicing of finance	152	149	152	149
Advances to subsidiary and associated undertakings	–	(2,905)	–	(1,050)
Performance bond guarantee deposit repaid	792	–	–	–
Performance bond guarantee deposit paid out	(1,569)	–	–	–
Additions to exploration and evaluation assets	(1,738)	–	(381)	(28)
Part disposal of exploration and evaluation asset	498	–	–	–
Acquisition of tangible assets	(9)	(5)	(2)	–
Disposal of tangible assets	2	2	–	–
	(1,872)	(2,759)	(231)	(929)
Financing activities				
Net proceeds from issue of share capital	2,993	2,993	51	51
Lease financing	(33)	(10)	(37)	(11)
	2,960	2,983	14	40
Net cash outflow	(589)	(1,273)	(2,047)	(1,973)
Cash and cash equivalents at the beginning of the year	3,760	3,652	5,807	5,625
Cash and cash equivalents at the end of the year	3,171	2,379	3,760	3,652

Consolidated and Company Statement of Cash Flows

for the year ended 31 December 2024 (continued)

Note to the Consolidated and Company Statement of Cash Flow

	Group 2024 £'000	Company 2024 £'000	Group 2023 £'000	Company 2023 £'000
Operating activities				
Loss for the year attributable to controlling interests	(2,049)	(1,273)	(1,712)	(1,244)
Depreciation, amortisation and impairment charges	37	25	224	161
Share based payments	40	40	–	–
Finance income shown as an investing activity	(152)	(149)	(152)	(149)
Interest on lease liability	2	1	6	1
Foreign exchange translation	9	(116)	(20)	225
Operating cash outflows before movements in working capital	(2,113)	(1,472)	(1,654)	(1,006)
Decrease/(increase) in receivables	5	(2)	10	5
Increase/(decrease) in payables	431	(16)	(186)	(83)
Net cash outflows from operating activities	(1,677)	(1,490)	(1,830)	(1,084)

Notes to the Financial Statements

General Information

Sunda Energy Plc is a public limited company incorporated in England and Wales and quoted on the AIM market of the London Stock Exchange. The address of the registered office is disclosed on page 2 of the financial statements. The principal activity of the Group is described in the Strategic Report on page 9.

1. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Going concern basis

The Directors have prepared a cash flow forecast covering the period to 30 June 2026 which contains certain assumptions about the development and strategy of the business. The Directors are aware of the risks and uncertainties facing the business and the assumptions used are the Directors' best estimate of its future development.

The Group intends to enter into a rig contract shortly to drill the Chuditch-2 appraisal well as part of the work program for Year 3 of the PSC. It is anticipated that the well will spud in August 2025. In order to finance the Chuditch-2 well the Group has, subject to the completion of certain conditions precedent including the execution of a rig contract, farmed out an additional 30% interest in the PSC to Timor Gap and has secured a US$9 million unsecured convertible loan note ("CLN") of which US$1.5m has been drawn and converted into equity. The CLN contains draw down restrictions, including minimum market capitalisation of the Company and minimum trading volume. In the event that these restrictions(s) take effect, the investors and the Company may mutually agree to waive the restriction. Furthermore, the CLN allows for the acceleration of the drawdown of the loan amounts. However, there is no guarantee that the investors will consent in either of these cases.

The cash flow forecast has been prepared on certain assumptions, the most significant of which are the full drawdown of the CLN, the acceleration of the drawdown schedule, the partial exercise of warrants associated with the CLN, and the expected recovery of the performance guarantee bond on or before the completion of the drill program. On the basis of the assumptions made in the cash flow forecast, the Group will have sufficient funds to pay its share of drilling costs as well as operational overheads of the Group for the period to 30 June 2026.

There is a possibility that well costs may increase significantly above the forecast spend and the Group may need to seek additional funding to cover its share of these costs. In order to mitigate this risk the Board have carefully budgeted and procured key contracts associated with the drilling campaign. Further to discussions with the Company's broker and certain investors, the Directors are confident of their ability to raise additional funds through new placing of shares or through other means, however there is no certainty that such fundraising will be successful. Similarly, if certain assumptions made in the forecast are not achieved then additional funds may be required. The Directors are confident that any cash shortfall can be met through the actions described above.

These conditions indicate that there is a material uncertainty which may cast significant doubt over the Group and Company's ability to continue as a going concern.

After considering the forecasts and the risks, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements. The financial statements do not include any adjustments that would result if the Group was unable to continue as a going concern.

Notes to the Financial Statements
(continued)

1. Significant accounting policies (continued)

Basis of preparation

The financial statements have been prepared in accordance with UK adopted International Accounting Standards and IFRIC interpretations issued by the International Accounting Standards Board (IASB) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Changes in accounting policies and disclosures

Adoption of new and revised standards

a) The impact of new IFRSs adopted during the year

During the year the Group adopted the following IFRS amendments and standards which were effective for the first time in periods commencing on or after 1 January 2024:

- IAS 1 *Presentation of Financial Statements* (Amendments to Classification of Liabilities as Current or Non-current)
- IAS 1 *Presentation of Financial Statements* (Amendment to Non-current liabilities with covenants)
- IFRS 16 *Leases* (Amendment, Lease Liability in a Sale and Leaseback)
- Amendments to IAS 7 and IFRS 7 in respect of Supplier Finance Arrangements

None of the above were considered to have a material impact.

b) New standards, interpretations and amendments not yet effective

The following IFRSs and amendments have been issued by the IASB but are not effective until a future period, with timing expected to be as indicated.

- IAS 21 *The Effects of Changes in Foreign Exchange Rates* (Amendments) – Lack of exchangeability (1 January 2025)
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 Financial Instruments) (1 January 2026)*
- Annual Improvements to IFRS Volume 11 (Amendments to IFRS 1 First-Time Adoption of IFRS; IFRS 7 Financial Instruments Disclosures; IFRS 9 Financial Instruments; IFRS 10 Consolidated Financial Statements and IAS 7 Statement of Cash Flows) (1 January 2026)*
- IFRS 18 Presentation and Disclosure in Financial Statements (1 January 2027)*
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (1 January 2027)*

* Not yet endorsed by the UK Endorsement Board.

The Board are currently assessing the impact of these new amendments on the Group's financial reporting for future periods. However, the Board does not expect any of the above to have a material impact on future reporting except for IFRS 18 which is expected to result in changes in the presentation of certain primary financial statements. A full assessment will be performed once the standard is adopted in the UK.

Notes to the Financial Statements
(continued)

1. Significant accounting policies (continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries using the acquisition method of accounting.

Subsidiaries

Subsidiaries are all entities over which Sunda Energy Plc is exposed, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Impairment of non-financial assets

At each statement of financial position date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1. Significant accounting policies (continued)

Intangible Assets

Oil and gas assets: exploration and evaluation

The Group has continued to apply the 'successful efforts' method of accounting for Exploration and Evaluation ("E&E") costs, having regard to the requirements of IFRS 6 'Exploration for the Evaluation of Mineral Resources'.

The successful efforts method means that only the costs which relate directly to the discovery and development of specific oil and gas reserves are capitalised. Such costs may include costs of licence acquisition, technical services and studies, seismic acquisition; exploration drilling and testing but do not include costs incurred prior to having obtained the legal rights to explore the area. Under successful efforts accounting, exploration expenditure which is general in nature is charged directly to the income statement and that which relates to unsuccessful drilling operations, though initially capitalised pending determination, is subsequently written off. Only costs which relate directly to the discovery and development of specific commercial oil and gas reserves will remain capitalised and to be depreciated over the lives of these reserves. The success or failure of each exploration effort will be judged on a well-by-well basis as each potentially hydrocarbon-bearing structure is identified and tested. Exploration and evaluation costs are capitalised within intangible assets. Costs incurred prior to obtaining legal rights to explore are expensed immediately to the income statement.

All lease and licence acquisition costs, geological and geophysical costs and other direct costs of exploration, evaluation and development are capitalised as intangible or property, plant and equipment according to their nature. Intangible assets comprise costs relating to the exploration and evaluation of properties which the Directors consider to be unevaluated until reserves are appraised as commercial, at which time they are transferred to tangible assets as 'Developed oil and gas assets' following an impairment review and depreciated accordingly. Where properties are appraised to have no commercial value, the associated costs are treated as an impairment loss in the period in which the determination is made.

Costs are amortised on a field by field unit of production method based on commercial proven and probable reserves, or to the expiry of the licence, whichever is earlier.

The calculation of the 'unit of production' amortisation takes account of the estimated future development costs and is based on the current period and un-escalated price levels. Changes in reserves and cost estimates are recognised prospectively.

E&E costs are not amortised prior to the conclusion of appraisal activities.

Accounting for farm-outs

During the period, the Group completed a farm-out transaction of its main exploration asset which resulted in the receipt of funds in respect of back costs, and also contributions to future costs by the farminee. The back costs received in respect of amounts previously capitalised as an exploration asset were credited to the carrying value of the asset on a no gain, no loss basis. Those back costs attributable to administration costs previously expensed are shown as a gain in the Income Statement. Post farm-out cost recoveries from the farminee is be offset against the relevant costs charged to the exploration asset and administration costs as appropriate.

Investments in subsidiaries

Investments are stated at cost less provision for any impairment in value.

Notes to the Financial Statements
(continued)

1. Significant accounting policies (continued)

Financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transactions costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial assets to another party without retaining control or substantially all risks and rewards of the asset. Regular purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

Performance bond and bank guarantee deposits

From time to time, the Group provides performance guarantees in respect of contractual work commitments which are secured by bank guarantees backed by cash deposits. Unless the deposit funds are available for cash use within three months of the period end, they are not considered as a cash equivalent but are shown as a separate current asset.

Cash and cash equivalents

Cash and cash equivalents in the Statement of Cash Flows (see page 36) include cash in hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less.

Taxation

Income tax

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

The tax currently payable is based on taxable profit or loss for the year. Taxable profit or loss differs from profit or loss as reported in the same income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised 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 statement of financial position 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 taxable profit nor the accounting profit.

1. Significant accounting policies (continued)

The carrying amount of deferred tax is reviewed at each statement of financial position date and reduced to the extent that it is no longer 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 realised. Deferred tax is charged or credited to income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Trade and other payables

Trade payables are not interest bearing and are stated at their nominal value. Trade and other payables are initially recognised at fair value. They are subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Fair values

The carrying amounts of the financial assets and liabilities such as cash and cash equivalents, receivables and payables of the Group at the statement of financial position date approximated their fair values, due to the relatively short term nature of these financial instruments.

Share-based compensation

The fair value of the employee and suppliers services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each statement of financial position date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The fair value of share-based payments recognised in the income statement is measured by use of the Black Scholes model, which takes into account conditions attached to the vesting and exercise of the equity instruments. The expected life used in the model is adjusted based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The share price volatility percentage factor used in the calculation is based on management's best estimate of future share price behaviour and is selected based on past experience, future expectations and benchmarked against peer companies in the industry.

Equity instruments

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Notes to the Financial Statements
(continued)

1. Significant accounting policies (continued)

Lease accounting

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account.

On the statement of financial position, lease liabilities have been included in current and non-current liabilities.

Foreign currencies

i) Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (the functional currency), which is Pounds Sterling (£). The financial statements are presented in Pounds Sterling (£), which is the Group's presentation currency.

ii) Transactions and balances

Foreign currency transactions are translated into the presentational currency using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

iii) Group companies

The results and financial position of all Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting exchange differences are recognised as a separate component of equity.

Notes to the Financial Statements
(continued)

1. Significant accounting policies (continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Management of capital

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to raise new equity finance and debt sufficient to meet the next phase of exploration and where relevant development expenditure.

The Board receives cash flow projections on a regular basis as well as information on cash balances. The Board will not commit to material expenditure in respect of its ongoing appraisal work prior to being satisfied that sufficient funding is available to the Group to finance the planned programmes.

Dividends cannot be issued until there are sufficient reserves available.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the consolidated financial statements requires management to make estimates and assumptions concerning the future that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. The resulting accounting estimates will, by definition, differ from the related actual results.

Carrying value of intangible exploration and evaluation assets

Valuation of oil and gas properties: judgements regarding timing of regulatory approval, the general economic environment, and the ability to finance future activities has an impact on the impairment analysis of intangible exploration and evaluation assets. All these factors may impact the viability of future commercial production from unproved properties, and therefore may be a need to recognise an impairment. The timing of an impairment review and the judgement of when there could be a significant change affecting the carrying value of the intangible exploration and evaluation asset is a critical accounting judgement in itself.

The Board also assesses potential impairment of the Company's net investment in subsidiaries by reference to the same judgements around the circumstances of the Group's oil and gas exploration projects. At year end the Group's exploration assets which the board reviewed for impairment were carried at £5.1m and the Company's net investment in subsidiaries was held at £5.0m. Further details are given in Notes 10 and 11 respectively.

Commercial reserves estimates

Oil and gas reserve estimates: estimation of recoverable reserves include assumptions regarding commodity prices, exchange rates, discount rates, production and transportation costs all of which impact future cashflows. It also requires the interpretation of complex geological and geophysical models in order to make an assessment of the size, shape, depth and quality of reservoirs and their anticipated recoveries. The economic, geological and technical factors used to estimate reserves may change from period to period. Changes in estimated reserves can impact developed and undeveloped property carrying values, asset retirement costs and the recognition of income tax assets, due to changes in expected future cash flows.

Notes to the Financial Statements
(continued)

2. Segmental information

In the opinion of the Directors the Group has one class of business, being the exploration for, and development and production of, oil and gas reserves, and other related activities.

The Group's primary reporting format is determined to be the geographical segment according to the location of the oil and gas asset. There are currently three geographic reporting segments: South East Asia where production, development and exploration activity is being assessed, South America, which has previously been involved in production, development and exploration activity but is now being phased out, and the United Kingdom being the head office location.

Exploration and production year ended 31 December 2024

	United Kingdom £'000	South America £'000	South East Asia £'000	Total £'000
Revenue	–	–	–	–
Cost of sales	–	–	–	–
Gross profit	–	–	–	–
Exploration and evaluation expenditure	(45)	–	(125)	(170)
Property, plant and equipment and depreciation	(10)	–	(27)	(37)
Peru closure costs	–	(6)	–	(6)
Recovery of historic costs on farm-out	–	–	221	221
Administration expenses	(1,476)	(3)	(743)	(2,222)
Gain on exchange	17	–	(2)	15
Loss before interest and taxation	(1,514)	(9)	(676)	(2,199)
Finance cost	(1)	–	(1)	(2)
Finance income	149	3	–	152
Loss before taxation	(1,366)	(6)	(677)	(2,049)
Income tax expense	–	–	–	–
Loss after taxation	(1,366)	(6)	(677)	(2,049)
Assets and liabilities				
Segment assets	77	–	6,692	6,769
Cash and cash equivalents	2,379	–	792	3,171
Total assets	2,456	–	7,484	9,940
Segment liabilities	84	1	520	605
Current tax liabilities	16	–	–	16
Total liabilities	100	1	520	621
Other segment items				
Capital expenditure	22	–	1,742	1,764
Depreciation, amortisation and impairment charges	10	–	27	37

Notes to the Financial Statements
(continued)

2. Segmental information (continued)

Exploration and production year ended 31 December 2023

	United Kingdom £'000	South America £'000	South East Asia £'000	Total £'000
Revenue	–	–	–	–
Cost of sales	–	–	–	–
Gross profit	–	–	–	–
Exploration and evaluation expenditure	(75)	–	(46)	(121)
Intangible asset impairment	(187)	–	–	(187)
Property, plant and equipment and depreciation	(12)	–	(25)	(37)
Peru closure costs	–	(26)	–	(26)
Administration expenses	(878)	(9)	(568)	(1,455)
Loss on exchange	(32)	–	–	(32)
Loss before interest and taxation	(1,184)	(35)	(639)	(1,858)
Finance costs	(1)	–	(5)	(6)
Finance income	149	3	–	152
Loss before taxation	(1,036)	(32)	(644)	(1,712)
Income tax expense	–	–	–	–
Loss after taxation	(1,036)	(32)	(644)	(1,712)
Assets and liabilities				
Segment assets	65	–	4,634	4,699
Cash and cash equivalents	3,652	1	107	3,760
Total assets	3,717	1	4,741	8,459
Segment liabilities	102	–	87	189
Current tax liabilities	15	–	–	15
Total liabilities	117	–	87	204
Other segment items				
Capital expenditure	28	–	355	383
Depreciation, amortisation and impairment charges	199	–	25	224

Notes to the Financial Statements
(continued)

3. Operating loss

	2024 £'000	2023 £'000
The operating loss is stated after charging:		
Auditor's remuneration		
Audit of group and company financial statements – current year	38	30
Audit of group and company financial statements – prior year	6	–
Non-audit services: Tax compliance	5	2
Non-audit services: Other assurance services	5	2
Exploration and appraisal expenditure	170	121
Impairment of intangible assets	–	187
Depreciation of property, plant and equipment	37	37
(Gain)/loss on exchange	(15)	32

The analysis of development and administrative expenses in the consolidated income statement by nature of expense is:

	2024 £'000	2023 £'000
Employee benefit expense	1,001	764
Share based payments	40	–
Exploration and appraisal expenditure	170	121
Depreciation, amortisation and impairment charges	37	224
Legal and professional fees	911	509
Recovery of historic costs on farm-out	(221)	–
Peru closure costs	6	26
Loss/(gain) on exchange	(15)	32
Other expenses	270	182
	2,199	1,858

Overview
Governance Reports
Financial Statements

4. Staff numbers and cost

The average number of persons employed by the Group (including directors) during the year, analysed by category, were as follows:

	2024		2023	
	Group Number	Company Number	Group Number	Company Number
Directors	5	5	4	4
Technical and production	4	–	4	–
Administration	3	1	2	1
Total	12	6	10	5

The aggregate payroll costs of these persons were as follows:

	£'000	£'000	£'000	£'000
Wages and salaries	327	61	221	54
Directors' fees, salaries and benefits	297	297	483	483
Share based payments	40	40	–	–
Severance payments	299	299	–	–
Social security costs	84	70	72	62
Total	1,047	767	776	599

5. Directors' remuneration

	2024 £'000	2023 £'000
Directors' remuneration	297	483
Compensation for loss of office	299	–
Share based payments	30	–
Total	626	483

Management fees paid to an entity in which a director is a shareholder are disclosed in note 24 on page 67.

No directors benefitted from pension contributions in 2024 or 2023.

Highest paid director emoluments and other benefits are as listed below.

	2024 £'000	2023 £'000
Remuneration and benefits	59	280
Compensation for loss of office	278	–
Total	337	280

5. Directors' remuneration (continued)

Total remuneration in respect of key management personnel was as follows.

	2024 £'000	2023 £'000
Short-term benefits	401	537
Termination benefits	317	–
Share-based payments	40	–
Total	758	–

6. Finance income and expenses

	2024 £'000	2023 £'000
Bank and other interest received	152	152
Interest on right of use asset finance	(2)	(6)
Total	150	146

7. Income tax expense

	2024 £'000	2023 £'000
The tax charge on the loss on ordinary activities was:-		
UK Corporation Tax – current	–	–
Foreign taxation	–	–
	–	–

The total charge for the year can be reconciled to the accounting result as follows:

	2024 £'000	2023 £'000
(Loss) before tax		
Continuing operations	(2,049)	(1,712)
Tax at composite group rate of 26.9% (2023: 27.9%)	(552)	(478)
Effects of:		
Expenses not subject to tax	44	127
Movement on capital allowances	70	(91)
Increase in tax losses	438	442
Tax expense	–	–

At 31 December 2024, the Group had estimated tax losses of £42,844,000 (2023 – £38,315,000) to carry forward against future profits. The potential deferred tax asset on these tax losses at a composite group rate of 29.5% of £12,626,000 (2023: at 29.6%, £11,329,000) has not been recognised due to uncertainty over the timing and existence of future taxable profits. The current tax reconciliation has been prepared using a blended rate of 26.9% (2023: 27.9%) based on prevailing headline taxation rates as applied to the group's taxable entities in the year. The rate assessed for the unrecognised deferred tax asset reflects management's best estimate of the applicable rates which would apply to oil and gas revenues in the group's respective countries of operation.

Notes to the Financial Statements
(continued)

8. Earnings per share

	2024	2023
Loss per ordinary share		
– Basic	**(0.008p)**	(0.009p)
– Diluted	**(0.008p)**	(0.009p)

Earnings per ordinary share is based on the Group's loss attributable to owners of the parent for the year of £2,049,000 (2023: £1,712,000).

The weighted average number of shares used in the calculation is the weighted average ordinary shares in issue during the year of 24,440,616,024 (2023: 18,973,685,086).

Due to the Group's results, the diluted earnings per share was deemed to be the same as the basic earnings per share for that year.

9. Property, plant and equipment

	Equipment and machinery £'000	Right of use assets £'000	Total £'000
Group			
Cost			
At 1 January 2023	18	107	125
Foreign exchange translation adjustment	(1)	(3)	(4)
Additions	2	–	2
At 1 January 2024	19	104	123
Foreign exchange translation adjustment	–	1	1
Additions	9	17	26
Disposals	(3)	–	(3)
At 31 December 2024	**25**	**122**	**147**
Depreciation			
At 1 January 2023	5	42	47
Foreign exchange translation adjustment	–	(2)	(2)
Charge for the period	6	31	37
At 1 January 2024	11	71	82
Foreign exchange translation adjustment	–	1	1
Charge for the period	7	30	37
Disposals	(1)	–	(1)
At 31 December 2024	**17**	**102**	**119**
Net book value			
At 31 December 2024	**8**	**20**	**28**
At 31 December 2023	8	33	41

Included in the above line items are Right of Use assets of £20,000 (2023: £33,000) in respect of a motor vehicle and an office lease.

Notes to the Financial Statements
(continued)

9. Property, plant and equipment (continued)

	Equipment and machinery £'000	Right of use assets £'000	Total £'000
Company			
Cost			
At 1 January and 31 December 2023	1	45	46
Additions	5	17	22
Disposals	(3)	–	(3)
At 1 January 2023	3	62	65
Depreciation			
At 1 January 2023	–	25	25
Charge for the period	–	12	12
At 1 January 2024	–	37	37
Charge for the period	1	9	10
Disposals	(1)	–	(1)
At 31 December 2024	**–**	**46**	**46**
Net book value			
At 31 December 2024	**3**	**16**	**19**
At 31 December 2023	1	8	9

Included in the above line items are Right of Use assets of £16,000 (2023: £8,000) in respect of a motor vehicle.

Notes to the Financial Statements
(continued)

10. Intangible fixed assets

Group	Exploration and evaluation assets £'000	Total £'000
Cost		
At 1 January 2023	3,696	3,696
Foreign exchange translation adjustment	(109)	(109)
Additions	381	381
At 1 January 2024	3,968	3,968
Foreign exchange translation adjustment	38	38
Additions	1,738	1,738
Disposals	(685)	(685)
At 31 December 2024	**5,059**	**5,059**
Impairment		
At 1 January 2023	–	–
Charge for the period	187	187
At 1 January 2024	187	187
Charge for the period	–	187
Disposals	(187)	(187)
At 31 December 2024	**–**	**374**
Net book value		
At 31 December 2024	**5,059**	**4,685**
At 31 December 2023	3,781	3,781

10. Intangible fixed assets (continued)

Company	Exploration and evaluation assets £'000	Total £'000
Cost		
At 1 January 2023	159	159
Additions	28	28
At 1 January 2024	187	187
Disposals	(187)	(187)
At 31 December 2024	**–**	**–**
Impairment		
At 1 January 2023	–	–
Charge for the year	187	187
At 1 January 2024	187	187
Disposals	(187)	(187)
At 31 December 2024	**–**	**–**
Net book value		
At 31 December 2024	**–**	**–**
At 31 December 2023	–	–

Exploration and evaluation assets represent amounts capitalised in progressing the Group's interest in licences for the exploration of oil and gas in the UK and Timor-Leste. On 8 February 2024, the Company's wholly-owned subsidiary, SundaGas Banda Unipessoal, Lda., farmed out 20% of its interest in the Chuditch PSC receiving total back costs of £719,000. This represents a recovery of previously capitalised back costs of £498,000 and administration back costs of £221,000 which is credited to the Income Statement.

In addition, the Company and its joint venture partners relinquished the Inner Moray Firth P2478 licence in the UK on 31 March 2024. The associated exploration asset had already been impaired to nil as of 31 December 2023.

The Directors have performed an assessment of impairment as at the balance sheet date in respect of exploration and evaluation assets, taking account of the facts and circumstances which existed at that date. Impairment reviews were performed at the Operating Segment level; following the relinquishment of the Company's interest in Inner Moray Firth P2478, the test was only performed on the Company's remaining exploration asset, the Chuditch PSC.

The Directors' impairment judgement of the Chuditch exploration asset took account of a range of factors including the good standing of the PSC, the Board's expectation of the Group's ability to fulfil the obligations of Year 3 of the PSC, the expectations of access to funding to drill an appraisal well and the Board's analysis of the potential gas reserves. The assessment of potential reserves involved review of CPR work performed by external consultants as well as the Group's internal analysis. The Board also considered the wider economics of a potential export of gas and the potential value of cash flows attributable to the Group's interest in the asset. The Board concluded that no impairment indicators existed as the reporting date (2023: nil).

11. Investments

Company	Loans to group undertakings £'000	Equity investment in group undertakings £'000	Total £'000
Cost			
At 1 January 2023	3,840	7,548	11,388
Exchange rate adjustment	(225)	–	(225)
Net loan movements	1,050	–	1,050
Disposals	–	–	–
At 1 January 2024	4,665	7,548	12,213
Exchange rate adjustment	116	–	116
Additions	–	7	7
Net loan movements	2,905	–	2,905
At 31 December 2024	**7,686**	**7,555**	**15,241**
Impairment			
At 1 January 2023	942	5,444	6,386
Charge/(release) for the year	(38)	–	(38)
At 1 January 2024	904	5,444	6,348
Charge/(release) for the year	15	–	15
At 31 December 2024	**919**	**5,444**	**6,363**
Carrying value			
At 31 December 2024	**6,767**	**2,111**	**8,878**
At 31 December 2023	3,761	2,104	5,865

The company makes loans to its subsidiary operations as part of its longer term strategy of undertaking exploration activities. Whilst the loans are made on informal terms, the Board consider that such loans form part of the company's net investment in its subsidiaries and therefore are presented within investments and treated as non-current. No interest is charged on intercompany loans.

The company has made a 100% provision on the investment in Gold Oil Peru S.A.C. of £6,363,000 (2023: £6,348,000).

Notes to the Financial Statements
(continued)

11. Investments (continued)

The Company's subsidiary undertakings at the year end were as follows:

Subsidiary/controlled entity	Place of incorporation and operation	Proportion of ownership interest %	Proportion of voting power held %	Nature of business
Sunda Energy Ventures Pte. Ltd.* 8 Chang Charn Road #02-01 Link THM Building Singapore 159637	Singapore	100	100	Exploration of oil and gas
SundaGas (Timor-Leste Sahul) Pte. Ltd. 8 Chang Charn Road #02-01 Link THM Building Singapore 159637	Singapore	100	100	Exploration of oil and gas
SundaGas Banda Unipessoal, Lda** Timor Plaza Pisso 3. #337 Av. President Nicolau Lobato 20 de Setembro, Bebonuk, Dom Aleixo Dili, Timor-Leste	Timor-Leste	100	100	Exploration of oil and gas
Gold Oil Peru S.A.C Jr. General Julian Arias Araguez 250 Miraflores, Lima-18, Peru	Peru	100	100	Exploration of oil and gas

All shareholdings are in ordinary, voting shares.

* Incorporated on 20 September 2024

** A direct subsidiary of SundaGas (Timor-Leste Sahul) Pte. Ltd.

12. Trade and other receivables

	2024		2023	
	Group £'000	Company £'000	Group £'000	Company £'000
Other receivables	20	20	27	23
Prepayments	66	38	64	33
	86	58	91	56

13. Performance bond guarantee deposit

	2024		2023	
	Group £'000	Company £'000	Group £'000	Company £'000
Bank guarantee bond at 31 December 2023	**1,596**	**–**	786	–

The Company's wholly-owned subsidiary, SundaGas Banda Unipessoal, Lda ("SundaGas"), had provided a performance guarantee to Autoridade Nacional do Petróleo ("ANP") in respect of the offshore Timor-Leste TL-SO-19-16 Production Sharing Contract ("PSC"). This performance guarantee is secured by a bank guarantee given by Banco Nacional de Comércio de Timor-Leste ("BNCTL"), which required SundaGas to a place a bond with BNCTL of US$2,000,000. It is anticipated that the bank guarantee will be released on or before completion of the drill program.

The Group is cognisant of BNCTL not having a credit rating by the main credit rating agencies. However, it is recognised that BNCTL is owned and controlled by the Government of the Democratic Republic of Timor-Leste. As a result, and given the Group's close ties with the Government, it is considered that the exposure to credit risk is immaterial.

14. Cash and cash equivalents

	2024		2023	
	Group £'000	Company £'000	Group £'000	Company £'000
Bank current accounts	**939**	**148**	131	24
Bank deposit accounts	**2,232**	**2,231**	3,629	3,628
	3,171	**2,379**	3,760	3,652

Bank deposit accounts comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less and earn interest at respective short-term deposit rates. The carrying amount of these assets approximates to their fair value.

Notes to the Financial Statements
(continued)

15. Trade and other payables

	2024		2023	
	Group £'000	Company £'000	Group £'000	Company £'000
Trade payables	274	17	18	18
Other payables	32	–	–	–
Amounts owed to subsidiary undertakings	–	8	–	–
Accruals	278	49	136	73
Lease finance liability due within 12 months	13	9	31	9
Taxation	16	16	15	15
	613	99	200	115
Non-current liabilities				
Lease finance liabilities due after 12 months	8	8	4	–

16. Lease finance

Lease liabilities are presented in the statement of financial position as follows:

	2024		2023	
	Group £'000	Company £'000	Group £'000	Company £'000
Current	13	9	31	9
Non-current	8	8	4	–
	21	17	35	9

17. Share capital

	2024 £'000	2023 £'000
Allotted, called up and fully paid		
Equity: 25,510,783,788 (2023: 18,982,760,428) ordinary shares of £0.00025 each	6,378	4,746
	6,378	4,746

The Company issued 6,528,025,360 new ordinary shares of £0.00025 each at £0.0005 per share on 29 February 2024 for cash.

Ordinary shares entitle the holder to full rights as to voting, dividends and any distribution upon winding up.

18. Share premium and reserves

	Share premium account £'000	Share option reserve £'000	Foreign exchange translation reserve £'000	Profit and loss account £'000
Group				
At beginning of the year	38,881	319	715	(36,406)
Loss for the year attributable to controlling interests	–	–	–	(2,049)
Issue of new shares	1,632	–	–	–
Share issue costs	(271)	–	–	–
Share-based payments	–	40	–	–
Share option reserve released	–	(21)	–	21
Foreign exchange translation adjustments	–	–	80	–
	40,242	**338**	**795**	**(38,434)**
Company				
At beginning of the year	38,881	319	–	(34,479)
Loss for the year	–	–	–	(1,273)
Issue of new shares	1,632	–	–	–
Share issue costs	(271)	–	–	–
Share-based payments	–	40	–	–
Share option reserve released	–	(21)	–	21
	40,242	**338**	**–**	**(35,731)**

18. Share premium and reserves (continued)

Details of options and warrants issued, exercised and lapsed during the year together with options and warrants outstanding at 31 December 2024 are as follows:

Issue date	Final exercise date	Exercise price	1 January 2024 Number	New Issue Number	Exercised Number	Lapsed or cancelled Number	31 December 2024 Number
26 May 2020	26 May 2030	£0.00100	**62,500,000**	**–**	**–**	**–**	**62,500,000**
22 July 2021	22 July 2031	£0.00070	**440,000,000**	**–**	**–**	**(50,000,000)**	**390,000,000**
22 July 2021	31 December 2025	£0.00070	**150,000,000**	**–**	**–**	**–**	**150,000,000**
17 December 2021	17 December 2031	£0.00060	**530,000,000**	**–**	**–**	**(60,000,000)**	**470,000,000**
14 July 2022	14 July 2025	£0.00070	**175,000,000**	**–**	**–**	**–**	**175,000,000**
20 November 2024	20 November 2034	£0.000725	**–**	**975,000,000**	**–**	**–**	**975,000,000**
9 December 2024	21 July 2031	£0.00060	**–**	**50,000,000**	**–**	**–**	**50,000,000**
9 December 2024	19 December 2031	£0.00070	**–**	**60,000,000**	**–**	**–**	**60,000,000**
			1,357,500,000	**1,085,000,000**	**–**	**(110,000,000)**	**2,332,500,000**

Details of options and warrants issued, exercised and lapsed during the year together with options and warrants outstanding at 31 December 2023 are as follows:

Issue date	Final exercise date	Exercise price	1 January 2023 Number	New Issue Number	Exercised Number	Lapsed Number	31 December 2023 Number
26 May 2020	26 May 2030	£0.00100	125,000,000	–	(62,500,000)	–	62,500,000
22 July 2021	22 July 2031	£0.00070	440,000,000	–	–	–	440,000,000
22 July 2021	31 December 2025	£0.00070	150,000,000	–	–	–	150,000,000
17 December 2021	17 December 2031	£0.00060	530,000,000	–	–	–	530,000,000
14 July 2022	14 July 2025	£0.00070	175,000,000	–	–	–	175,000,000
			1,420,000,000	–	(62,500,000)	–	1,357,500,000

The number of share options which were exercisable at year end was 1,182,500,000 (2023: 1,182,500,000). The weighted average remaining life of share options at the year end was 7 years (2023: 7 years). The weighted average exercise price (in pence) applying to share options during the year was as follows:

	2024	2023
Opening	**0.07p**	0.07p
Exercised	**–**	0.10p
Lapsed	**–**	–
Cancelled	**0.065p**	–
Issued	**0.0725p**	–
Closing	**0.07p**	0.07p

19. Share based payments

The fair values of the options and warrants granted have been calculated using Black-Scholes model assuming the inputs shown below:

Grant date	20 November 2024	17 December 2021	22 July 2021	22 July 2021	26 May 2020
Number of options or warrants granted	**975,000,000**	530,000,000	150,000,000	440,000,000	290,000,000
Share price at grant date	**0.0725p**	0.06p	0.07p	0.07p	0.05p
Exercise price at grant date	**0.0725p**	0.06p	0.07p	0.07p	0.1p
Option life	**10 years**	10 years	3 years	10 years	10 years
Risk free rate	**4.47%**	0.86%	0.86%	0.86%	0.86%
Expected volatility	**66%**	80%	80%	80%	80%
Expected dividend yield	**0%**	0%	0%	0%	0%
Fair value of option	**0.058p**	0.025p	0.02p	0.03p	0.02p

The warrants and options will not normally be exercisable during a closed period and furthermore can only be exercisable if the performance conditions are satisfied. Warrants and options, which have vested immediately before either the death of a participant or his ceasing to be an eligible employee by reason of injury, disability, redundancy or dismissal (otherwise than for good cause) shall remain, exercisable (to the extent vested) for 12 months after such cessation, and all non-vested options shall lapse.

On 14 July 2022, the company awarded 175,000,000 share options to a Dr A Butler. The share options are exercisable at 0.07p, expire three years from grant date and will only vest upon the Company making an announcement that the first appraisal well on the Chuditch PSC has spudded, or in certain limited circumstances such as a takeover event. Given that vesting is contingent on the spudding of a well at the Chuditch project and that the occurrence of this event is dependent, *inter alia*, on events outside the control of the director, the Board considered that the current degree of certainty over vesting was such that no share-based payment charges were recorded in respect of these options during 2022, 2023 or 2024. A detailed summary of the current status and future plans for the Chuditch project are given in the Chairman's Statement & Operations Report.

Of the 1,085,000,000 options issued in the year, 110,000,000 related to the release and re-issue of existing options held by an employee on substantially the same terms for an administrative purpose. The re-issue was treated as a modification with no incremental fair value recognised.

Options granted on 20 November 2024 vest over a period of 1 to 3 years. The share-based payment charge arising is amortised over the vesting period.

Volatility was determined by reference to the company's historical share price volatility over a suitable period.

20. Financial instruments

The Group's and Company's activities expose them to a variety of financial risks: credit risk, cash flow interest rate risk, foreign currency risk, liquidity risk, price risk and capital risk. The Group's and Company's activities also expose them to non-financial risks: market risk. The Group's and Company's overall risk management programme focuses on unpredictability and seeks to minimise the potential adverse effects on the Group's financial performance. The Board, on a regular basis, reviews key risks and, where appropriate, actions are taken to mitigate the key risks identified.

Financial instruments – Risk Management

The Group and Company are exposed through their operations to the following risks:

- Credit risk
- Cash flow interest rate risk
- Foreign Exchange Risk
- Liquidity risk
- Price risk
- Capital risk
- Market risk

In common with all other businesses, the Group and the Company are exposed to risks that arise from its use of financial instruments. This note describes the Group's and the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's or the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

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

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

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's and the Company's risk management objectives and policies and, whilst retaining responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives regular updates from the Executive Directors through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's and the Company's competitiveness and flexibility. Further details regarding these policies are set out below:

20. Financial instruments (continued)

Credit risk

The Group's and the Company's principal financial assets are bank balances and cash, the bank guarantee bond, and other receivables. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies or are sovereign-owned and backed banks (see also note 13). The amounts presented in the statements of financial position are net of allowance for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experiences, is evidence of a reduction in the recoverability of the cash flows.

As at 31 December 2024 and 2023 there were no trade receivables and no expected credit losses were raised against any financial assets held at amortised cost.

Cash flow interest rate risk

The Group and the Company are exposed to cash flow interest rate risk from its deposits of cash and cash equivalents with banks.

The cash balances maintained by the Group and the Company are proactively managed in order to ensure that the maximum level of interest is received for the available funds but without affecting the working capital flexibility the Group requires.

The Group and the Company are not at present exposed to cash flow interest rate risk on borrowings as neither has significant debt. No subsidiary company of the Group is permitted to enter into any borrowing facility or lease agreement without the prior consent of the Company.

Interest rates on financial assets

The Group's and the Company's financial assets consist of cash and cash equivalents, loans, trade and other receivables. The interest rate profile at period end of these assets was as follows:

31 December 2024	Financial assets on which interest earned £'000	Financial assets on which interest not earned £'000	Total £'000
Group			
UK sterling	1,907	67	1,974
US dollar (USD)	325	2,405	2,730
Singapore Dollar (SGD)	–	93	93
	2,232	2,565	4,797

31 December 2023	Financial assets on which interest earned £'000	Financial assets on which interest not earned £'000	Total £'000
Group			
UK sterling	2,509	33	2,542
US dollar (USD)	1,120	906	2,026
Singapore Dollar (SGD)	–	3	3
	3,629	942	4,571

Notes to the Financial Statements
(continued)

20. Financial instruments (continued)

The Group and the Company earned interest on its interest-bearing financial assets at rates between 2.5% and 5.5% (2023 2% and 5.5%) during the period.

A change in interest rates on the statement of financial position date would increase/(decrease) the equity and the anticipated annual income or loss by the theoretical amounts presented below. The analysis is made on the assumption that the rest of the variables remain constant. The analysis with respect to 31 December 2024 was prepared under the same assumptions.

	Change of 1.0% in the interest rate as of			
	31 December 2024		31 December 2023	
Group and Company	**Increase of 1.0%**	**Decrease of 1.0%**	**Increase of 1.0%**	**Decrease of 1.0%**
Instruments bearing variable interest (£'000)	**38**	**(38)**	36	(36)

It is considered that there have been no significant changes in cash flow interest rate risk at the reporting date compared to the previous period end and that therefore this risk has had no material impact on earnings or shareholders' equity.

Foreign exchange risk

Foreign exchange risk arises because the Group and the Company have operations located in various parts of the world whose functional currency is not the same as the functional currency in which other Group companies are operating. Although its geographical spread reduces the Group's and the Company's operation risk, the net assets arising from such overseas operations are exposed to currency risk resulting in gains and losses on retranslation into Sterling. Only in exceptional circumstances will the Group or the Company consider hedging its net investments in overseas operations, as generally it does not consider that the reduction in foreign currency exposure warrants the cash flow risk created from such hedging techniques. It is the Group's policy to ensure that individual Group entities enter into local transactions in their functional currency wherever possible and that only surplus funds over and above working capital requirements should be transferred to the parent company treasury. The Group considers this policy minimises any unnecessary foreign exchange exposure.

In order to monitor the continuing effectiveness of this policy the Board, through its approval of both corporate and capital expenditure budgets and review of the currency profile of cash balances and management accounts, considers the effectiveness of the policy on an ongoing basis.

The following table discloses the major exchange rates of those currencies utilised by the Group:

Group and Company	**USD**	**SGD**
Average for year ended 31 December 2024	**1.278**	**1.707**
At 31 December 2024	**1.253**	**1.708**
Average for year ended 31 December 2023	1.244	1.669
At 31 December 2023	1.273	1.679

20. Financial instruments (continued)

A change in exchange rates on the statement of financial position date would increase/(decrease) the equity and net asset position by the theoretical amounts presented below. The analysis is made on the assumption that the rest of the variables remain constant. The analysis with respect to 31 December 2023 was prepared under the same assumptions.

	Change of 10.0% in the GBP/USD rate as of			
	31 December 2024		31 December 2023	
Group and Company	**Increase of 10.0%**	**Decrease of 10.0%**	**Increase of 10.0%**	**Decrease of 10.0%**
Net assets (£'000) – Group	(511)	624	(402)	492
Net assets (£'000) – Company	(625)	764	(445)	544

It is considered that there have been no significant changes in exchange rate risk at the reporting date compared to the previous period end and that therefore this risk has had no material impact on earnings or shareholders' equity.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain readily available cash balances (or agreed facilities) to meet expected requirements for a period of at least 60 days. The Group currently has no long term borrowings.

All of the Group's and the Company's financial liabilities are due within one year other than undiscounted lease liabilities due after one year of £8,000 (2023: £4,000).

Price risk

Potential oil and gas sales revenue is subject to energy market price risk.

Given that the Group and the Company currently do not have production, it is not considered appropriate for the Group or the Company to enter into any hedging activities or trade in any financial instruments, such as derivatives. This strategy will continue to be subject to regular review.

It is considered that price risk of the Group and the Company at the reporting date has not increased compared to the previous period end.

Notes to the Financial Statements
(continued)

20. Financial instruments (continued)

Volatility of oil and gas prices

A material part of the Group's future revenue will be derived from the sale of oil and gas that it expects to produce. A future substantial or extended decline in prices for oil and gas and refined products could adversely affect the Group's future revenues, cash flows, profitability and ability to finance its planned capital expenditure. The movement of crude oil and natural gas prices is shown below:

	31 December 2024	Average price 2024	31 December 2023
Crude oil – WTI			
Per barrel – US$	**$71**	$74	$72
Per barrel – £	**£57**	£58	£57
Natural gas LNG Japan/Korea Marker (Platts)			
Per Million Btu – US$	**$14**	$12	$9
Per Million Btu – £	**£9**	£9	£7

Oil and gas prices are dependent on a number of factors impacting world supply and demand. Due to these factors, prices may be subject to significant fluctuations from year to year. However, these prices had no effect on the Group's results for 2024, since it had no production.

Capital risk

The Group's and the Company's objectives when managing capital are to safeguard the ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

21. Capital commitments

As of 31 December 2024, there were no capital commitments (2023: none).

22. Contingent Liabilities

The Group has provided performance guarantees to ANP in respect of the TL-SO-19-16 PSC, in the form of a bank guaranteed performance bond of US$2,000,00 given by SundaGas, plus a further guarantee provided by the Company of US$3,200,000. In the event of non-performance under the PSC, there is a potential liability to the Group of up to US$5,200,000 and to the Company only of US$3,200,000. The Company believes that there is no indication of a breach of the terms of the PSC. See also note 13 on page 57.

In respect of the Company's performance guarantee of up to $3.2m, the Board consider that the guarantee is not a financial guarantee contract or insurance contract and so is accounted for as a contingent liability which would only crystallise in the event of non performance under the PSC. As the Board considered there was no non-performance of the PSC as at period end, no liability has been assessed under the guarantee.

The Board considers that there are no potential decommissioning costs in respect of abandoned fields relating to any current or historic exploration activity.

Notes to the Financial Statements
(continued)

23. Events after the reporting period

On 24 April 2025, the Company announced that its wholly owned subsidiary SundaGas Banda Unipessoal, Lda. ("**SundaGas**") will be entering into a binding Farm-In agreement with its government-owned joint venture partner TIMOR GAP Chuditch Unipessoal Lda ("TIMOR GAP"). In addition, the Company has conditionally raised up to US$9.0 million, before expenses, by way of the issue of unsecured convertible loan notes ("Loan Notes" or "CLNs") to three institutional investors. Together, these combined funding arrangements will enable the Company to execute a contract for the use of a jack-up rig to drill the Chuditch-2 appraisal well.

Under the terms of the Farm-In Agreement, SundaGas will assign an initial 30% interest to TIMOR GAP. This interest is in addition to the 15% interest acquired by TIMOR GAP in the Farm-In transaction completed on 8 February 2024 and its original 25% interest (which portion is carried to first gas). This assignment will result in SundaGas retaining a significant 30% working interest in the Chuditch PSC, while TIMOR GAP will have a 70% interest.

On 13 May 2025, the Company announced that each investor has subscribed for the initial tranche of an aggregate of US$1.5 million of Loan Notes, and funds were received on the same day. On 16 May 2025, the Company further announced that it had received notice from all of the participating investors to convert all of the outstanding balance of their Loan Notes into Ordinary Shares of 0.025p each in the Company. As a result, 3,125,594,493 new Ordinary Shares were issued at a price of 0.03995p per share. In addition, the Company has granted Warrants to the investors pursuant to the conversion. In aggregate, 1,803,227,592 Warrants have been granted to the investors. One Warrant will entitle the Investors to subscribe for one Ordinary Share at a price of 0.051935 pence.

24. Related party transactions

Company

During the year, the Company advanced loans to its subsidiaries. The details of the transactions and the amount owed by the subsidiaries at the year end were.

	Year ended 31 December 2024		Year ended 31 December 2023	
	Balance £'000	Loan advance £'000	Balance £'000	Loan advance £'000
SundaGas (Timor-Leste Sahul) Pte. Ltd	**5,870**	**2,904**	2,878	1,622
SundaGas Banda Unipessoal, Lda	**897**	**–**	883	253
Sunda Energy Ventures Pte. Ltd.	**(8)**	**(8)**	–	–
Gold Oil Peru S.A.C *	**918**	**14**	904	10

* The company has provided for an impairment of £918,000 (2023: £904,000) on the outstanding loans.

Group and company

SundaGas (Timor-Leste Sahul) Pte. Ltd ("TLS"), a wholly-owned subsidiary paid fees amounting to US$411,000 (2023: US$285,000) to SundaGas Pte. Ltd ("SGPL"), a company in which Dr. Andrew Butler, a director, held a significant interest. At the end of the period, there was a balance payable to SGPL of US$40,065 (2023: nil).

The Company paid fees amounting to £42,149 (2023: nil) to Javelin Capital Partners LLP, an entity in which Mr Gerry Aherne, a director, held a significant interest. These fees are included in directors' remuneration in note 5. At the end of the period, there was a balance payable to the related party of £5,417 (2023: nil).

The directors' aggregate remuneration and any associated benefits in respect of qualifying services are disclosed in note 5.

During the year, amounts of £10,661 (2023: nil) were advanced to a director. The amount receivable at the end of the year was £10,661 (2023: nil).

Glossary of Technical Terms

Bcf	Billion standard cubic feet of natural gas.
Geological chance of success	The estimated probability that exploration activities will confirm the existence of a significant accumulation of potentially recoverable petroleum.
Contingent Resources	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable owing to one or more contingencies.
GIIP	Volume of natural gas initially in-place in a reservoir.
High Estimate	Denotes the high estimate qualifying as Prospective Resources. Reflects a volume estimate that there is a 10% probability that the quantities actually recovered will equal or exceed the estimate.
Licence Operator	The Company nominated to carry out operational activities.
Mean	Reflects an unrisked median or best-case volume estimate of resource derived using probabilistic methodology. This is the mean of the probability distribution for the resource estimates and is often not the same as 2U as the distribution can be skewed by high resource numbers with relatively low probabilities.
MMBBL	Million barrels of oil or condensate.
MMBOE, Oil equivalent	Million barrels of oil equivalent. Volume derived by dividing the estimate of the volume of natural gas in billion cubic feet by six in order to convert it to an equivalent in million barrels of oil or condensate, and, where relevant, adding this to an estimate of the volume of oil in millions of barrels.
Prospective Resources	Quantities of petroleum that are estimated to exist originally in naturally occurring reservoirs, as of a given date. Crude oil in-place, natural gas in-place, and natural bitumen in-place are defined in the same manner.
PSC	Production Sharing Contract.
SPE PRMS 2018	The Society of Petroleum Engineers' ("SPE") Petroleum Resources Management System ("PRMS") is a system developed for consistent and reliable definition, classification, and estimation of hydrocarbon resources prepared by the Oil and Gas Reserves Committee of SPE and approved by the SPE Board in June 2018 following input from six sponsoring societies: the World Petroleum Council, the American Association of Petroleum Geologists, the Society of Petroleum Evaluation Engineers, the Society of Exploration Geophysicists, the European Association of Geoscientists and Engineers, and the Society of Petrophysicists and Well Log Analysts.
SPE PRMS Unrisked Prospective Resources	Denotes the unrisked estimate qualifying as SPE PRMS 2018 Prospective Resources.
Tcf	Trillion standard cubic feet of gas

SUNDA
ENERGY

www.sundaenergy.com