CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021

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Independent Auditor's Report

To the Shareholders and the Board of Directors of
Forza Petroleum Limited

Opinion

We have audited the consolidated financial statements of Forza Petroleum Limited and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Carrying value of Oil and Gas PP&E assets – refer to Note 2.h and 7 to the financial statements

Key Audit Matter Description

The Group's principal activity is the development, commercialisation and production of crude oil and natural gas and as at December 31, 2022 the Group held $247.3 million of oil and gas production and development assets within property, plant and equipment ("PP&E") compared to $469.5 million at December 31, 2021. In 2022 the Group recognised an impairment charge of $220.6 million against the value of its oil and gas PP&E assets, all of which relates to the Hawler License Area in Kurdistan. Please refer to note 7 for further details.

As described in note 7, for the purpose of impairment testing of the Group's Oil and Gas assets, management has exercised judgment to determine that the Hawler license area, excluding the Ain al Safra sub-contract area, constitutes the Group's single cash-generating unit ("CGU") which contains PP&E.

As described in notes 2.h and 7 of the financial statements, the assessment of the carrying value of PP&E assets requires management to compare it against the recoverable amount of the assets.

The calculation of the recoverable amount requires management to make estimates of proved and probable oil reserves volumes and to exercise judgement in estimating future oil prices, the appropriate asset discount rate and the future cost and production profiles of developing and producing the reserves estimates. Given the judgmental nature of the determination of the recoverable amounts of the oil and gas PP&E, we also considered there to be a potential fraud risk that the assumptions applied to the valuation could be inappropriate.

The subjectivity involved in making the above assumptions is significant and relatively minor changes in inputs and assumptions could have a significant impact on the recoverable value and hence the carrying value of the Oil and Gas PP&E assets. Accordingly, we consider this to be a key audit matter.

How the Key Audit Matter was Addressed in the Audit

We examined management's assessment of impairment indicators, which concluded that a decrease in the volume of proved and probable oil reserves, combined with continued volatility in the oil price and the locations in which the Group operates and the net assets of the Group being in excess of the market capitalization of the Group represented an indicator of impairment for the Group's oil and gas assets. Our work to assess management's key assumptions included, but was not limited to, the following procedures:

- understanding and testing the design and implementation of controls over the impairment evaluation process;
- considering the appropriateness of the judgment that the Hawler license area, excluding the Ain al Safra sub-contract area, constitutes the Group's single CGU;
- evaluating the level of knowledge, skill, and ability of the Group's independent reservoir engineering specialists, inquiring of those reservoir engineers regarding the process followed and judgements made to estimate the Group's proved reserve volumes, and reading the reserve report prepared by the Group's specialists;
- agreeing the proved and probable oil reserves included in the impairment model to the independent evaluator's report, understanding the reasons for changes in the reserves classifications during 2022;
- benchmarking and analysing the oil price assumptions against forward curves and other market data and recalculating and benchmarking the discount rates applied, with involvement from our industry valuation specialists;
- evaluating estimated future costs by agreement to approved budgets and assessment of their appropriateness with reference to field production profiles and historical costs incurred for similar activities;
- reviewing management's sensitivity analysis and performing our own retrospective analysis of forecast versus actual production, to understand reasonably possible scenarios and the impact on asset carrying values;
- consideration of evidence that could indicate management bias in the assumptions selected and the application of professional skepticism to address the risk of fraud.

We assessed the adequacy and completeness of the disclosures included in the accompanying financial statements (notes 2.h and 7).

Based on the procedures performed, we obtained sufficient audit evidence to address the significant risk related to the carrying value of Oil & Gas PP&E assets.

Going concern – refer to Note 2.b and 4.a to the financial statements

Key Audit Matter Description

The consolidated financial statements have been prepared on a going concern basis as described in note 2b. Accumulated losses shown in the Consolidated Statements of Financial Position totalled $1,056.8 million as at December 31, 2022. For the year ended December 31, 2022, steady oil production during the year combined with rising oil prices, have increased the cash generated by the business, which is forecast to continue based on the current oil price forecasts and reservoir production profiles. As described in note 2b., the Group forecasts that it will have sufficient cash reserves generated from operations to be able to fund the Group's capital and operating expenditures and to meet forecast obligations as they fall due within the period of 15 months from December 31, 2022, including the settlement of the balance of deferred principal and accrued interest owed to the seller of OPHKL of $76.2 million as described in Note 12a. Management expects as well that a facility from the controlling shareholder can be promptly arranged, if ultimately required.

The going concern forecast requires judgement based on the evaluation of the inherent risks to the Group's business model and how those risks might affect the Group's financial resources or ability to continue operations over a period of at least a year from the date of approval of the financial statements. The going concern forecast is a complex and key area of audit focus requiring judgement around the amount and timing of identified forecast cash flows, especially assumptions made on the timing of collection of oil sales proceeds and thus we consider going concern to be a key audit matter.

How the Key Audit Matter was Addressed in the Audit

In assessing the appropriateness of the going concern assumption used in preparing the financial statements, our procedures included, amongst others:

- confirming our understanding of the going concern assessment process;
- assessing the cash flow requirements of the Group over 15 months from December 31, 2022 based on budgets and forecasts and ensuring that these have been included in the forecast;
- evaluating the underlying assumptions used in the forecast, specifically pricing and production assumptions and ensuring they were consistent with the models used in the impairment analysis and updated for relevant changes in the environment up to the date of the approval of the financial statements;
- challenging the amount and timing of identified cash inflows and especially assumptions made on the timing of collection of oil sales proceeds;
- assessing the evidence available to support the quantum and timing of the deferred purchase consideration liability settlement as reflected in the forecast;
- understanding what planned capital expenditure is committed, and what could be considered discretionary;
- considering the liquidity of existing assets on the statements of financial position;
- performing sensitivity analysis to evaluate the impact of reasonably possible reductions in oil prices, production volumes and cash receipts alongside an assessment of Management's ability to manage and/or defer the forecast expenditure and the deferred purchase consideration liability in a downside scenario, and the resultant impact on projected available funds;
- reviewing the evidence available to confirm the capability of the controlling shareholder to promptly arrange a facility if ultimately required.

We assessed the adequacy and completeness of the disclosures included in the accompanying financial statements (note 2b.).

Based on the procedures performed, we obtained sufficient audit evidence to address the significant risks related to going concern.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines 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, management is responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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 Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The engagement partner on the audit resulting in this independent auditor’s report is Mark Valentin.

Deloitte SA

/s/ Mark Valentin	/s/ Laetitia Cejudo
Mark Valentin Partner	Laetitia Cejudo Director

Geneva, Switzerland
March 16, 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

		Year ended December 31	
$000s	**Note**	**2022**	**2021**
Revenue	**2g**	323,769	187,796
Royalties	**2g**	(132,514)	(76,940)
Net revenue		**191,255**	**110,856**
Operating expense		(37,221)	(30,074)
Depreciation, depletion and amortization	**6, 7**	(49,225)	(38,253)
Impairment loss	**7**	(220,584)	(32,440)
General and administration expense		(8,192)	(5,657)
Reduction of expected credit loss against trade and other receivables	**9**	-	3,538
Other (expense) and income	**21**	(383)	1,541
Gain on deconsolidation of subsidiary	**26**	-	15,725
Change in fair value of contingent consideration	**12a**	(6,801)	(11,256)
(Loss) / profit from operations		**(131,151)**	**13,980**
Finance income		133	-
Finance costs	**22**	(465)	(125)
Foreign exchange (loss) / gain		(2)	37
(Loss) / profit before income tax		**(131,485)**	**13,892**
Income tax expense	**20**	(6,499)	(3,622)
(Loss) / profit for the year		**(137,984)**	**10,270**
Other comprehensive Income net of income tax			
(Items that will not be subsequently reclassified to profit or loss)			
Gain / (loss) on defined benefit obligation	**13**	877	(529)
Total Comprehensive income for the year		**(137,107)**	**9,741**
(Loss) / earnings per share (basic and diluted) - $	**17**	**(0.23)**	**0.02**

Consolidated Statement of Financial Position

$000s	Note	December 31 2022	December 31 2021
Non-current assets			
Intangible assets	**6**	51,351	47,748
Property, plant and equipment	**7**	247,335	469,517
Deferred tax assets	**20**	247	241
		298,933	**517,506**
Current assets			
Inventories	**8**	12,969	9,205
Trade and other receivables	**9**	62,500	34,481
Other current assets	**10**	2,675	1,861
Cash and cash equivalents	**11**	71,103	24,672
		149,247	**70,219**
Total assets		**448,180**	**587,725**
Current liabilities			
Trade and other payables	**12**	97,102	24,803
		97,102	**24,803**
Non-current liabilities			
Trade and other payables	**12**	-	67,640
Retirement benefit obligation	**13**	1,394	2,242
Decommissioning obligation	**14**	18,947	26,213
		20,341	**96,095**
Total liabilities		**117,443**	**120,898**
Equity			
Share capital	**15**	1,365,467	1,363,221
Reserves	**18**	22,072	23,301
Accumulated deficit		(1,056,802)	(919,695)
Total equity		**330,737**	**466,827**
Total equity and liabilities		**448,180**	**587,725**

The consolidated financial statements were approved by the Board of Directors and authorised for issue on March 16, 2023.

On behalf of the Board of Directors:

signed	*signed*
Vance Querio	Peter Newman
Director	Director

Consolidated Statement of Changes in Equity

$000s	Note	Share capital	Reserves	Accumulated deficit	Total equity
Balance at January 1, 2021		**1,362,633**	**23,182**	**(929,436)**	**456,379**
Profit for the year		-	-	10,270	10,270
Share based compensation	**16**	-	707	-	707
Shares issued for LTIP	**15a, 16**	588	(588)	-	-
Loss on defined benefit obligation, net of tax	**13**	-	-	(529)	(529)
Balance at December 31, 2021		**1,363,221**	**23,301**	**(919,695)**	**466,827**
Loss for the year		-	-	(137,984)	(137,984)
Share based compensation	**16**	-	1,815	-	1,815
Shares issued for LTIP	**15a, 16**	2,246	(2,246)	-	-
Cash issued for LTIP	**15a, 16**		(798)	-	(798)
Gain on defined benefit obligation, net of tax	**13**	-	-	877	877
Balance at December 31, 2022		**1,365,467**	**22,072**	**(1,056,802)**	**330,737**

Consolidated Statement of Cash Flows

$000s	Note	Year ended December 31 2022	2021
Operating activities			
(Loss) / Profit for the year		(137,984)	10,270
Adjustments for non-cash transactions	**19a**	279,809	61,914
Cash paid for LTIP		(798)	-
Change in retirement benefit obligation		(444)	(295)
Changes in non-cash working capital	**19b**	(28,631)	(20,701)
Net cash generated from operating activities		**111,952**	**51,188**
Investing activities			
Acquisition of intangible assets		(1,684)	(8)
Acquisition of property, plant and equipment		(63,837)	(34,666)
Net cash used in investing activities		**(65,521)**	**(34,674)**
Financing activities			
Repayment of ZOG Credit Facility	**24a**	-	(5,000)
Net cash used in financing activities		**-**	**(5,000)**
Net increase in cash and cash equivalents		**46,431**	**11,514**
Cash and cash equivalents at beginning of the year		24,672	13,158
Cash and cash equivalents at end of the year		**71,103**	**24,672**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Forza Petroleum Limited (the "Company" or "FPL") is a public company incorporated in Canada under the Canada Business Corporations Act and is the holding company for the Forza Petroleum group of companies (together, the "Group" or "Forza Petroleum"). The address of the registered office of FPL is 3400 First Canadian Centre 350, 7th Avenue Southwest, Calgary, Alberta, Canada T2P 3N9. The Group's controlling shareholder is Zeg Oil and Gas Limited ("ZOG") (incorporated in the British Virgin Islands) and its ultimate controlling parent is SBK Investment Holdings Limited (incorporated in the British Virgin Islands). The Group's ultimate controlling party is Baz Karim.

The Group's principal activities are to acquire and develop exploration and production assets in order to produce hydrocarbons and to increase oil and gas reserves.

The Group has considered climate risk when preparing the consolidated financial statements (the "Financial Statements"). In particular, it has been confirmed that there is no current or proposed legislation that would limit production or increase decommissioning costs in response to climate considerations. In the current year there were no climate risk related matters that impacted the Financial Statements.

The Financial Statements were authorized for issue by the Board of directors on March 16, 2023.

2. Summary of significant accounting policies

a. Basis of preparation

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the International Accounting Standards Board (IASB).

The Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities at fair value through profit or loss.

The preparation of the Financial Statements in conformity with IFRS requires the use of critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4: Critical accounting judgments and key sources of estimation uncertainty.

The Financial Statements are presented in US Dollars (USD), which is also the functional currency of the Company.

b. Going concern

These Financial Statements have been prepared on a going concern basis which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business for the foreseeable future. During the year ended December 31, 2022, the Group met its day to day working capital requirements and funded its capital and operating expenditures through cash reserves and receipt of its share of oil sales revenues from the Hawler license area.

On February 15, 2022, the Iraqi Federal Supreme Court (the "Court") ruled as unconstitutional the Kurdistan Regional Government ("KRG") Law No. 28 of 2007, which regulates the oil and gas sector in the Kurdistan Region of Iraq. The Court's judgment also provides that the Iraqi Ministry of Oil may pursue the annulment of Production Sharing Contracts ("PSCs") that have been entered into by the KRG. In a statement released on February 16, 2022, the KRG challenges the Court's judgment and stresses that "it will take all constitutional, legal, and judicial measures to protect and preserve all contracts made in the oil and gas sector". Normal operations are being maintained at the Hawler license area. As at March 15, 2023, the Group has received payment for all oil sales made to the KRG through September 2022.

Subsequent to the invasion of Ukraine by Russia in February 2022, there has been an increase in oil price volatility and international oil market disruptions, partly arising from the application of international sanctions affecting certain market participants. While the Group is not the subject of, nor likely to be a subject of, such international sanctions, nevertheless it is indirectly affected by their effects on the wider oil market.

2. Summary of significant accounting policies (continued)

b. Going concern (continued)

In preparing forecasts supporting the going concern assumption, management has assumed that oil sales proceeds will be received in accordance with the Group's current forecasts.

Management continually monitors the Group's financing requirements and develops plans to secure external funding, if required. Specifically, in view of the gradual increase in the settlement period experienced for collection of the Group's revenues, management is engaged with the principal shareholder to discuss funding support for the Group's near-term projected cash outflows if needed. Management expects that a facility, up to $10 million, from the shareholder can be promptly arranged, if ultimately required.

The Directors have carefully considered the forecast cash flows for the 15 months following December 31, 2022, and consequently they expect that the Group will have adequate resources to fund the Group's capital and operating expenditures and to meet forecast obligations as they fall due within that period. The Directors have sensitized their forecast for reasonably possible downside scenarios and are satisfied that they have available mitigating actions to reduce or defer elements of the capital expenditure program within the resources ultimately available, such that there are no material uncertainties in their assessment of the going concern position for the 15 months following December 31, 2022.

c. New and amended standards adopted by the Group

Effective January 1, 2022, the Group adopted the following IFRS as issued and amended by the IASB:

New and Amended Standards	Effective for annual periods beginning on or after
Annual Improvements to IFRS Standards 2018-2020	January 1, 2022
Amendments to IFRS 3: Reference to the Conceptual Framework	January 1, 2022
Amendments to IAS 37: Onerous contracts – Cost of fulfilling a contract	January 1, 2022
Amendments to IAS 16: Property, Plant and Equipment Proceeds before Intended Use	January 1, 2022

The above amended standards have not had a material impact on these Financial Statements.

d. New and amended standards issued but not yet effective

At the date of authorization of these Financial Statements, the following standards applicable to the Group were issued but not yet effective:

New and Amended Standards	Effective for annual periods beginning on or after
Amendments to IAS 8: Definition of Accounting Estimates	January 1, 2023
Amendments to IAS 1: Disclosure of Accounting Policies	January 1, 2023
Amendments to IFRS 17: Initial Application of IFRS 17 and IFRS 9 – Comparative Information	January 1, 2023
Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023
Amendments to IAS 1: Disclosure of Accounting Policies	January 1, 2023
Amendments to IFRS 8: Definition of Accounting Estimates	January 1, 2023
IFRS 17 Insurance Contracts, including Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1: Classifications of Assets and Liabilities as Current and Non-Current	January 1, 2024
Amendments to IAS1: Non-Current Liabilities with Covenants	January 1, 2024
Amendments to IFRS 16: Lease Liability in a Sale and Leaseback	January 1, 2024

Management has reviewed the impact of the new and amended standards listed above and has concluded that if these standards were applied to these Financial Statements, they would not have a material impact.

2. Summary of significant accounting policies (continued)

e. Consolidation

i. Subsidiaries

Subsidiaries are all entities over which the Group has control. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and due to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at the fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's net assets.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration are recognized in profit or loss.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses, where they do not indicate an impairment, resulting from inter-company transactions are also eliminated.

ii. Disposal of subsidiaries

When the Group ceases to control a subsidiary, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may result in amounts previously recognized in other comprehensive income being reclassified to profit or loss.

iii. Interest in joint operations

A joint operation is a joint arrangement whereby the Group has rights to assets and obligations for the liabilities relating to the arrangement. Interests in joint operations are accounted for by recognizing the Group's share of the assets, liabilities, revenues, and expenses in the Financial Statements.

2. Summary of significant accounting policies (continued)

f. Foreign currency translation

i. Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Financial Statements are presented in US Dollars, which is the functional and presentational currency of the Company.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where these items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss.

iii. Group companies

All Group entities have a functional currency of US Dollars which is consistent with the presentational currency of these Financial Statements.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the year-end exchange rate.

g. Revenue

The Group recognizes revenue associated with the sale of the Group's working interest share of oil products when control of the oil production is transferred to the KRG at the tie-in to the Kurdistan Oil Export Pipeline, at which point the Group has satisfied its performance obligations. Revenue is measured on the basis of the consideration specified in the commercial agreements governing the sale of oil products.

The Group incurs operating and capital costs for the exploration and development of license areas. Agreements governing the exploration and development activities establish terms for the Group to recover these costs from the value of the sales of oil products (Cost Recovery Oil) and to share in the value of the remaining oil products (Profit Oil). The Group's revenue includes the value of gross sales representing the sum of Cost Recovery Oil and Profit Oil.

All remittances to governments who are party to the applicable PSC that are directly attributable to the sale of oil products during the reporting period including the government share of Profit Oil described above, except for income taxes, are reported as royalties.

Under the terms of certain PSCs, the governments' share of Profit Oil includes an amount in respect of income taxes payable by the Group under the laws of the respective jurisdiction. As this amount is classified as income tax in accordance with IAS 12, in such cases the Group recognizes the amount as a deduction to royalties with a corresponding income tax expense when the oil products are sold.

h. Exploration and evaluation ("E&E") assets and property, plant and equipment ("PP&E")

i. Cost

Oil and gas properties and other property, plant and equipment are recorded at cost including expenditures which are directly attributable to the purchase or development of an asset.

2. Summary of significant accounting policies (continued)

h. Exploration and evaluation ("E&E") assets and property, plant and equipment ("PP&E") (continued)

ii. Exploration and evaluation costs

Exploration and evaluation costs incurred following the acquisition of a license are initially capitalized as intangible E&E assets. Payments to acquire the legal rights to explore, costs of technical work, seismic acquisition, education and training funds, PSC costs, exploratory and appraisal drilling, general technical support and directly attributable administrative costs are capitalized as E&E assets.

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

E&E assets related to each exploration license/prospect are carried forward until the existence (or otherwise) of commercial reserves has been determined, subject to reviews for impairment at each reporting date. If commercial reserves are discovered, the carrying value, less any impairment loss, of the relevant E&E assets is reclassified to property, plant and equipment. If commercial reserves are determined not to exist or if the asset is otherwise deemed to be impaired, the related capitalized costs are charged to expense.

Costs incurred prior to having obtained the legal rights to explore an area are expensed in the period in which they are incurred.

iii. Development costs

Expenditures on the construction, installation and completion of infrastructure facilities and drilling of development wells are capitalized as oil and gas assets. Costs incurred to operate and maintain wells and equipment to lift oil and gas to the surface are expensed.

PP&E assets are stated at historical cost, less any accumulated depletion and any allowance for impairment. Cost includes expenditures that are directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Where such subsequent expenditure is to replace previously capitalized equipment, the remaining carrying amount of the replaced part is derecognized. Repairs and maintenance are expensed as incurred.

iv. Other property, plant and equipment

Other property, plant and equipment are stated at historical cost, less accumulated depreciation and allowance for impairment. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

v. Depreciation, depletion, and amortization ("DD&A")

Costs that are capitalized as oil and gas assets are depleted from the commencement of production on a unit of production basis, which is the ratio of oil and gas production in the period to the estimated quantities of proved plus probable reserves at the beginning of the respective quarter plus the production during the same period. The cost base used in the unit of production calculation comprises the carrying amount of capitalized costs plus the estimated future field development costs. The impact of changes in reserves estimates is accounted for prospectively.

Depreciation on other PP&E is calculated using the straight-line method over the estimated useful lives, between 3-5 years, of the respective assets.

Residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Assets that are not yet in use are classified as assets under construction and are not depreciated.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

2. Summary of significant accounting policies (continued)

h. Exploration and evaluation ("E&E") assets and property, plant and equipment ("PP&E") (continued)

vi. Intangible assets other than oil and gas assets

Intangible assets, other than oil and gas assets, that have finite useful lives, are measured at cost and amortized over their expected useful economic lives on a straight-line basis. All assets in this category have an expected useful economic life of three years (Note 6).

i. Impairment of non-financial assets

Assets that have an indefinite useful life are tested for impairment annually. Assets under construction and not available for use are not subject to amortization and are tested for impairment if an indicator for impairment is identified. Assets that are subject to DD&A are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

E&E assets are assessed for impairment, in compliance with IFRS 6, when facts and circumstances suggest that carrying value may exceed recoverable value. Such indicators include but are not limited to:

- the period for which the Group has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed or extended;
- substantive expenditure on further exploration for and evaluation of resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of resources in the specific area have not led to the discovery of commercially viable quantities of resources and a decision has been taken to discontinue such activities in the specific area;
- sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the E&E asset is unlikely to be recovered in full from successful development or sale;
- extended decreases in expected prices or margins for oil and gas commodities or products; and
- a significant downward revision in estimated volumes of reserves or resources or an upward revision in future development costs.

For the purpose of impairment testing, PP&E assets are aggregated in cash-generating units ("CGUs"). An impairment loss is recognized if the CGU's carrying amount exceeds its recoverable amount. The recoverable amount of a CGU is the greater of its fair value less costs of disposal and its value in use.

Previously recorded impairment losses related to non-financial assets other than goodwill are reviewed and subject to reversal at each reporting date. The amount of the impairment reversal should increase the carrying amount of the CGU to its revised recoverable amount which cannot exceed the carrying amount determined, net of depreciation and amortization, had no impairment loss been recognized.

The market capitalization balance of the Group as at December 31, 2022 and December 31, 2021 was less than the total equity balance at both dates, while the market capitalization of the Group improved in 2022, therefore no new impairment indicator was identified in this respect. This continues to be an indicator of impairment.

j. Financial assets

The Group classifies its financial assets in the following categories: 'amortized cost' and 'fair value through profit or loss'. The classification depends on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Management determines the classification of its financial assets upon initial recognition.

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

2. Summary of significant accounting policies (continued)

j. Financial assets (continued)

i. Financial assets at amortized cost

Financial assets classified at amortized cost are held to collect contractual cash flows that solely represent repayments of the carrying amount of the asset upon initial recognition and interest, if any. These financial assets are initially measured at fair value, with the exception of trade receivables without a significant financing component, which are recognized at the transaction price and subsequently measured at amortized cost using the effective interest rate method.

ii. Financial assets at fair value through profit or loss

All other financial assets, not classified at amortized cost are classified and subsequently measured at fair value through profit or loss.

k. Inventories

i. Materials inventory

Inventories relating to materials acquired for use in the exploration and development of oil and gas assets are stated at the lower of cost and net realizable value, taking into account slow moving inventory and obsolescence. Cost is determined by the first-in first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less all costs necessary to make the sale. The cost of material inventories comprises all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

ii. Oil inventory

Crude oil inventory is valued at the lower of cost or net realizable value. Cost is determined using the first-in first-out method.

l. Trade and other receivables

Trade and other receivables are recognized initially at transaction price and subsequently measured at amortized cost using the effective interest rate method, less any expected credit loss. An expected credit loss for impairment of trade receivables is established based on the probabilities of possible default scenarios. The historical loss rates and forward looking macro-economic factors are then used to calculate the expected credit loss (Note 9).

m. Cash and cash equivalents

Cash and cash equivalents include cash in hand and term deposits with banks of less than three months.

n. Taxation

The Group's contractual arrangements stipulate that income taxes are collected by the respective government out of its entitlement share of Profit Oil. Such amounts are included in current income tax expense at the statutory rate in effect at the time of production.

The Group determines the amount of deferred income tax assets and liabilities based on the difference between the carrying amounts of the assets and liabilities reported for financial accounting purposes from those reported for tax. Deferred income tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled. Deferred income tax assets associated with unused tax losses are recognized to the extent it is probable the Group will have sufficient future taxable earnings available against which the unused tax losses can be utilized.

2. Summary of significant accounting policies (continued)

o. Employee benefits

i. Pension obligations

The Group participates in two Swiss pension plans, both of which are treated under IFRS as defined benefit pension plans. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on factors such as age, years of service and compensation. The pension assets within these Swiss plans consist entirely of investments held by a third-party administered pension fund.

The liability recognized in the Consolidated Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in Swiss Francs, and that have terms to maturity approximating the terms of the related pension obligation.

The retirement benefit obligation recognized in the Consolidated Statement of Financial Position represents the deficit or surplus in the Group’s defined benefit plans. Any recognized surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in the future contributions to the plans.

ii. Share-based compensation

The Group issues equity-settled share-based payments (unless approved otherwise) to employees under a Long Term Incentive Plan (LTIP). Such payments are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of any service and non-market performance vesting conditions.

The fair value of equity-settled share-based payments determined at the grant date is expensed over the vesting period based on the Group’s estimate of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate with a corresponding adjustment to equity.

p. Trade and other payables

Liabilities for trade and other amounts payable are stated initially at their fair value plus transaction costs and subsequently at amortized cost using the effective interest rate method.

q. Provisions

Provisions are recognized when i) the Group has a present legal or constructive obligation as a result of past events, ii) it is probable that an outflow of resources will be required to settle the obligation, and iii) the amount can be reliably estimated. Provisions are measured using management’s best estimate of the expenditure required to settle the obligation and are discounted to present value as at the date of the Consolidated Statement of Financial Position.

The Group’s activities give rise to dismantling, decommissioning and site disturbance remediation obligations. The Group recognizes provisions for the estimated cost of site restoration which are capitalized in the relevant asset category.

2. Summary of significant accounting policies (continued)

Decommissioning obligations are measured at the present value of management's best estimate of the expenditures required to settle the present obligation at the date of the Consolidated Statement of Financial Position. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks. Decommissioning obligations are recognized as additions to the corresponding assets in the period they arise unless the obligation results directly from production activities, in which case the change is recognized as a production expense. Actual costs incurred upon settlement of the decommissioning obligations are charged against the provision, to the extent the provision was established.

r. Equity instruments

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received net of direct issue costs. Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3. Financial risk management

3.1 Fair values of financial instruments

Contingent consideration payable is classified as a financial liability at fair value through profit or loss. Trade and other receivables are classified as financial assets at amortized cost, and trade and other payables and borrowings are classified as financial liabilities at amortized cost.

The carrying and fair values of the Group's financial instruments are summarized as follows:

Classification ($000s)	December 31, 2022	December 31, 2021
Financial assets at amortized cost	133,603	59,153
Financial liabilities at fair value through profit or loss	74,441	67,640
Financial liabilities at amortized cost	22,661	24,803

The carrying and fair values of the financial instruments at amortized cost approximate the fair value due to the short-term nature of the transactions.

3.2 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate and commodity price risk), credit risk and liquidity risk. The Group's overall risk management objective is to decrease volatility in financial position and cash flow while securing effective and competitive financing. To address the impact of these risks, the Group has developed various risk management policies and strategies.

a. Market risk

i. Commodity price risk

The market price for crude oil is subject to significant fluctuations resulting from a variety of factors affecting global supply and demand. Oil price volatility was high throughout the year ending December 31, 2022, however the Group is not expecting the same degree of volatility during the year ending December 31, 2023. Based on forward contract prices as of the date of these Financial Statements, the Group has estimated future oil price volatility of $10/bbl during 2023. An increase or decrease of $10/bbl applied to the Group's oil sales recognized during 2022 would have resulted in an increase or decrease, respectively, of $23.5 million to the profit for the year (2021: $19.7 million).

3. Financial risk management (continued)

3.2 Financial risk factors (continued)

a. Market risk (continued)

i. Commodity price risk (continued)

Effective September 1, 2022, the KRG has implemented a new pricing mechanism for crude oil purchases. Under the new pricing mechanism, the realized sales price for a month is equal to the average market price realized by the KRG for the Kurdistan blend (KBT) sold at Ceyhan, Turkey during the month, discounted by approximately $10/bbl for pipeline system tariffs and fees, and adjusted for differences in oil gravity and sulphur between Hawler production and KBT.

The new pricing mechanism results in an approximately $10 net reduction in the realized sales price versus the previous pricing mechanism.

Refer to Note 7 for more information regarding the impact of oil prices changes on the PP&E impairment assessment.

ii. Foreign exchange risk

The Group operates internationally and has foreign exchange risk arising from various currency exposures. Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group's reporting currency is the US Dollar. Certain elements of general and administrative expenses are transacted in other currencies. The majority of balances are held in US Dollars with purchases of Swiss Francs and other local currencies as required to meet local needs. The Group's objective is to minimize exposure to foreign exchange risks.

Management estimates that there would have been an immaterial impact to the profit for the year ended December 31, 2022 by applying a 10% change in the US Dollar / Swiss Franc exchange rate to transactions denominated in Swiss Francs (2021: immaterial).

iii. Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates with the exception of interest income from bank deposits and the non-current liability, with variable interest rates which are exposed to cash flow interest rate risk as market rates change. The objective of the Group's interest rate risk management is to balance the returns received on interest bearing assets with an acceptable level of access to those assets.

Refer to Note 7 and Note 14, respectively, for more information regarding the impact of interest rate changes on the PP&E impairment assessment and decommissioning obligation balance.

b. Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures relating to outstanding receivables. The Group has experienced a gradual increase in the settlement period for collection of the Group's revenues, however the Group has not recorded an expected credit loss as at December 31, 2022 as there have been no instances of default against outstanding balances.

The trade and other receivables balance is subject to credit risk, however no expected credit loss was recorded at December 31, 2022 as there were no instances of defaults against outstanding balances.

For cash and cash equivalents, the Group invests in products that are rated investment grade and above. The credit risk on liquid funds is assessed as limited because the counterparties are primarily banks with good credit-ratings assigned by international credit-rating agencies. The Group extends unsecured credit to third party customers in relation to oil sales and the collection of these amounts may be affected by changes in economic or other conditions.

3. Financial risk management (continued)

3.2 Financial risk factors (continued)

b. Credit risk (continued)

The following table presents the credit risk exposure to individual financial institutions as at December 31, 2022 and December 31, 2021:

Credit rating	Cash balance at December 31, 2022 ($000s)	Maximum balance with any individual bank during 2022 ($000s)	Number of banks
A1	70,427	76,600	2
A2	330	330	1
Other / not rated /Cash held by Group	347	876	N/A

Credit rating	Cash balance at December 31, 2021 ($000s)	Maximum balance with any individual bank during 2021 ($000s)	Number of banks
A1	23,799	25,265	3
Other / not rated /Cash held by Group	873	1,266	N/A

c. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the ability to secure sufficient funding on a timely basis to meet capital and operating expenditure obligations. Management uses budgets and cash flow models, which are regularly updated, to monitor liquidity risk.

The table below details the remaining contractual maturity for non-derivative financial liabilities of the Group as at December 31, 2022 and December 31, 2021. The amounts disclosed in the table are the estimated undiscounted cash flows.

$000s	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At December 31, 2022				
Trade and other payables (Note 12)	98,897	-	-	-
Decommissioning obligation (Note 14)	-	-	-	48,152
At December 31, 2021				
Trade and other payables (Note 12)	24,803	76,198	-	-
Decommissioning obligation (Note 14)	-	-	-	33,895

3.3 Capital risk management

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

The capital structure of the Group consists of issued capital and reserves less accumulated deficits.

4. Critical accounting judgments and key sources of estimation uncertainty

Management makes judgments in the process of applying the Group's accounting policies. The key accounting judgments that management has made in the process of applying the Group's accounting policies are the presentation of revenue and royalties arising from the Group's PSC in the Kurdistan Region of Iraq (Note 2g).

Management also makes estimates, judgments and assumptions concerning the future and other areas where there is estimation uncertainty. These accounting estimates, judgments and assumptions may differ from actual results. The estimates and underlying assumptions are reviewed on an ongoing basis.

4. Critical accounting judgments and key sources of estimation uncertainty (continued)

Information about critical estimates and judgments that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the Financial Statements within the next financial year are discussed below:

a. Carrying value of E&E assets

The amounts for intangible exploration and evaluation assets represent active exploration projects. If commercial reserves are discovered, the carrying value, less any impairment loss, of the relevant E&E assets is reclassified to property, plant and equipment. If commercial reserves are determined not to exist or if the asset is otherwise deemed to be impaired, the related capitalized costs are charged to expense. The process of determining whether there is an indicator for impairment or calculating the impairment requires critical judgment.

Management has made significant judgments related to the determination of CGUs used as part of the impairment assessment. The Group has determined that the Demir Dagh, Banan and Zey Gawra fields within the Hawler License Area constitute a single CGU, while the Ain Al Safra discovery remains as a separate E&E CGU. Management has concluded that there are no impairment indicators present in respect of the E&E asset. The E&E assets are discussed in detail in Note 6.

b. Carrying value of oil and gas assets

Note 7 contains a discussion regarding the critical judgments and estimates used in determining the carrying value of oil and gas assets.

c. Decommissioning obligation

Estimating the decommissioning liabilities requires management to make significant estimates regarding the timing, cost and level of activity required to decommission the Group's oil and gas assets at the end of their life. These estimates and assumptions are inherently uncertain as they relate to events that will occur in the future. Decommissioning liabilities are discussed in detail in Note 14.

5. Joint arrangements

The Group has entered into joint arrangements to facilitate the exploration, development and production of oil and gas assets. No new joint arrangements have been entered into during the year ended December 31, 2022. As at December 31, 2022, the Group was involved in the following joint arrangement:

License Area	Classification	Location	Participating interest and working interest
Hawler	Joint operation	Iraq – Kurdistan Region	65%

6. Intangible assets

$000s	Exploration & Evaluation	Computer Software	Total
Cost			
At January 1, 2021	**48,883**	**2,225**	**51,108**
Additions	8	-	8
Decommissioning (Note 14)	(1,143)	-	(1,143)
At December 31, 2021	**47,748**	**2,225**	**49,973**
Additions	3,881	-	3,881
Decommissioning (Note 14)	(278)	-	(278)
At December 31, 2022	**51,351**	**2,225**	**53,576**
Accumulated amortization			
At January 1, 2021	**-**	**2,215**	**2,215**
Amortization	-	10	10
At December 31, 2021	**-**	**2,225**	**2,225**
Amortization	-	-	-
At December 31, 2022	**-**	**2,225**	**2,225**
Carrying amount			
At December 31, 2022	51,351	-	51,351
At December 31, 2021	47,748	-	47,748

The carrying amounts for E&E assets represent costs incurred on exploration projects. For the purpose of impairment assessments and testing, E&E assets are aggregated in CGUs. Determination of what constitutes a CGU is subject to management judgments and the circumstances. The carrying amounts of intangible E&E assets relate to the Hawler license area (Ain al Safra sub-contract area) at both December 31, 2022 and December 31, 2021.

The Group continues to judge that the Hawler – Ain al Safra sub-contract area constitutes an individual CGU and that there are no indicators suggesting that the carrying amount of the exploration and evaluation asset exceeds its recoverable amount. The Group completed the Ain al Safra-1 and Ain al Safra-2 wells during the first quarter of 2023 and the results were inconclusive.

7. Property, plant and equipment

The Group's principal property, plant and equipment comprises its oil and gas assets in the Hawler license area in the Kurdistan Region of Iraq. No assets have been pledged as security.

$000s	Oil and gas Assets	Fixtures and Equipment	Total
Cost			
At January 1, 2021	**974,563**	**3,550**	**978,113**
Additions	45,784	-	45,784
Decommissioning(1)	(12,503)	-	(12,503)
At December 31, 2021	**1,007,844**	**3,550**	**1,011,394**
Additions	55,024	16	55,040
Decommissioning(1)	(7,453)	-	(7,453)
At December 31, 2022	**1,055,415**	**3,566**	**1,058,981**
Accumulated depreciation, depletion and impairment			
At January 1, 2021	**467,642**	**3,491**	**471,133**
Impairment(2)	32,440	-	32,440
Depreciation	-	59	59
Depletion	38,245	-	38,245
At December 31, 2021	**538,327**	**3,550**	**541,877**
Impairment(3)	220,584	-	220,584
Depreciation	-	2	2
Depletion	49,183	-	49,183
At December 31, 2022	**808,094**	**3,552**	**811,646**
Carrying amount			
At December 31, 2022	247,321	14	247,335
At December 31, 2021	469,517	-	469,517

(1) Non-cash changes to the decommissioning obligation (Note 14).

(2) As at December 31, 2021, the Group recorded a $32.4 million impairment expense relating to the Hawler license area. The impairment expense represents the difference between the estimated recoverable amount of the Hawler license area CGU and its carrying amount. The impairment expense was driven by lower reserve volumes, partly offset by higher estimated oil prices at December 31, 2021 compared to the previous impairment assessment done at December 31, 2020.

(3) As at December 31, 2022, the Group recorded a $220.6 million impairment expense relating to the Hawler license area. The impairment expense represents the difference between the estimated recoverable amount of the Hawler license area CGU and its carrying amount. The impairment expense was driven by lower reserve volumes and a higher discount rate used at December 31, 2022 compared to the previous impairment assessment done at December 31, 2021.

For the purpose of impairment assessments and testing in accordance with IAS 36, oil and gas assets are aggregated in CGUs. Determination of what constitutes a CGU is subject to management judgments and the circumstances. For the purposes of impairment assessments and testing of oil and gas assets, management has determined that the Hawler license area, excluding the Ain al Safra sub-contract area, which is a separate E&E asset (Note 6), constitutes the Group's single CGU which contains property, plant and equipment.

In conducting impairment assessments and tests, management considers internal and external sources of information regarding the manner in which assets are expected to be used, and indications of economic performance of the assets. Estimates include but are not limited to the determination of expected future cash flows from the asset being tested and the discount rate used to determine the value of the cash flows at the measurement date. Reductions in oil price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable reserves and resources and/or adverse economic conditions can result in estimated carrying amounts exceeding the recoverable amounts of the Group's oil and gas assets. An impairment loss is recognized if and when the carrying amount exceeds the recoverable amount. An impairment reversal is recognized if and when there has been a change in the estimates used to determine the asset's recoverable amount since the original impairment loss was recognized, which indicates that the previously recorded impairment should be reversed.

7. Property, plant and equipment (continued)

Impairment test at December 31, 2022

Following new indicators that the Hawler license area CGU's recoverable amount may differ from its carrying amount, management conducted an impairment test as at December 31, 2022. The indicators of potential impairment included a decrease in proved plus probable (2P) oil reserves compared to the prior year.

In performing the impairment test as at December 31, 2022, management used significant assumptions and estimates derived from and consistent with those incorporated in the proved plus probable oil reserves development case contained in the independent evaluator's report dated March 9, 2023 ("2P Development Case"), adjusted to reflect management's assumptions related to future crude oil sale prices and near-term production.

Expected cash inflows from oil sales were based on quoted Brent Crude forward contract prices for 2022 through 2024 less the average differential between Brent Crude forward contract prices and average Kurdistan blend (KBT) for September 2022 through January 2023 (the "KBT Discount"). Management's pricing assumptions beyond 2024 were benchmarked against the Brent Crude forward contract prices and longer-term Brent Crude pricing forecasts prepared as at January 1, 2023 by external firms, less the KBT Discount.

Expected cash inflows assume that all sales of crude oil from the Hawler license area continue to be completed through the Kurdistan Oil Export Pipeline, as required by the KRG. In accordance with management's best estimate of the terms most likely to govern future sales of Hawler license area crude oil, realized prices were referenced to management's estimated future Brent Crude prices, less the KBT Discount, further discounted by approximately $10/bbl for pipeline system tariffs and fees, and adjusted for differences in forecast API gravity and sulphur from standard KBT specifications.

Based on the above, expected cash inflows from oil sales were determined using the following estimated average nominal sales prices:

Year ending December 31,	Forward Contract Price ($/bbl)	Forward Contract Price less KBT differential ($/bbl)	External Forecast Brent Price ($/bbl)	External Forecast Brent Price less KBT differential ($/bbl)	Management Forecast Brent Price Used ($/bbl)	Management Forecast Realized Price Used ($/bbl)
2023	83.74	65.71	N/A	N/A	83.74	56.01
2024	78.99	60.96	N/A	N/A	78.99	51.63
2025	75.04	57.01	N/A	N/A	75.04	47.61
2026	72.12	54.09	84.67	63.36	74.90	47.24
2027	69.86	51.83	82.69	64.62	78.81	50.90
2028	N/A	N/A	81.03	66.26	84.29	56.21
2029	N/A	N/A	81.39	67.95	85.98	57.81
2030	N/A	N/A	82.65	69.67	87.70	59.40
Thereafter	N/A	N/A	2% escalation	2% escalation	2% escalation	2% escalation

(1) The 2% escalation is consistent with the increases after 2030 included in the external forecast Brent price.

Management applied the fair value less costs of disposal methodology to establish the recoverable value of the CGU. The fair value was estimated by calculating the net present value of expected after-tax cash flows associated with proved plus probable oil reserves as at December 31, 2022 using a 20% nominal after-tax discount rate (2021 – 15%). The 20% discount rate is based on management's estimate of the cost of capital invested in upstream oil and gas assets in the Kurdistan Region of Iraq. The increase in the discount rate was primarily driven by an increase in the country risk premium used in the calculation of the rate. Costs of disposal are expected to be immaterial, and the value in use is deemed to be materially consistent with the fair value less costs of disposal.

In measuring the fair value less costs of disposal of the Hawler license area CGU, management relied on i) observable inputs other than quoted prices for identical assets, and ii) inputs that are not publicly observable and are the result of management's estimates and judgments arising from analysis of internally generated data. Management's estimate of fair value less costs of disposal is classified as level 3 in the fair value hierarchy.

7. Property, plant and equipment (continued)

Application of the fair value less costs of disposal methodology using the assumptions described above indicated an estimated recoverable amount of the Hawler license area CGU as at December 31, 2022 to be $247.3 million, including the decommissioning asset, for which the associated liability of $19 million is separately recognized within non-current liabilities (Note 16). Consequently, the Group recorded a $220.6 million impairment loss as at December 31, 2022.

The net present value of expected cash-flows associated with the 2P Development Case, as adjusted, is dependent on the Group's independently evaluated estimation of proved plus probable oil reserves and to the production profile associated with the exploitation of those reserves.

The net present value of expected after-tax cash-flows associated with the proved plus probable oil reserves development case described above was subjected to sensitivities arising from changes in crude oil price forecasts, discount rates and the KBT Discount. The following table indicates the estimated carrying amounts as at December 31, 2022 that resulted from applying various crude oil price forecasts and discount rates:

	Discount rate		
Estimated carrying amount ($ millions) – based on	**15%**	**20%**	**25%**
Management Forecast prices less $10/bbl	158	144	131
Management Forecast prices, shown above	275	**247**	224
Management Forecast prices plus $10/bbl	373	336	306

Were the recoverable amount to have been estimated at $453 million there would have been no impairment charge recorded during the year ended December 31, 2022.

8. Inventories

$000s	**December 31 2022**	**December 31 2021**
Oil inventory	256	161
Materials, net of provision	12,713	9,044
	12,969	**9,205**

The cost of oil inventory is expensed through operating and depletion expenses in the year during which it is sold. During the year ended December 31, 2022, $46 thousand was included in operating expense. As at December 31, 2022, the Group's working interest share of oil inventory was 8,700 bbl (December 31, 2021 – 12,000 bbl).

The Group has adjusted the carrying value of materials inventory to management's estimate of net realizable value. The provision at December 31, 2022 is $5.6 million (December 31, 2021: $5.5 million) and a charge of $0.1 million has been included in other income and expense during the year ended December 31, 2022 (December 31, 2021 – income of $1.8 million) due to the increase in the provision (Note 21).

No inventories have been pledged as security during the year.

9. Trade and other receivables

$000s	**December 31 2022**	**December 31 2021**
Revenue receivables	62,433	32,995
Expected credit loss provision	-	-
Other receivables	67	1,486
	62,500	**34,481**

Trade and other receivables are denominated in US Dollars and the carrying values are a reasonable approximation of the fair value.

As at March 15, 2023, of the revenue receivable balance outstanding at December 31, 2022, $29.1 million has since been collected.

9. Trade and other receivables (continued)

$000s	2022	2021
Expected credit loss, beginning of year	-	3,538
Decrease in expected credit loss	-	(3,538)
Expected credit loss, end of year	**-**	**-**

The balance of expected credit loss at December 31, 2020 was reversed during the year ended December 31, 2021 as there were no instances of defaults against outstanding balances.

10. Other current assets

$000s	December 31 2022	December 31 2021
Advance payments	1,756	758
Prepaid charges and other current assets	919	1,104
	2,675	**1,861**

The increase in advance payments as compared with December 31, 2021 is due to an increase in purchases of inventory items for which advance payments were required.

11. Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term deposits with an original maturity of three months or less. As at December 31, 2022, $30 million and $20 million included in this balance were held in one-month and three-month term accounts, respectively (December 31, 2021: nil). The carrying amounts are reasonable approximations of the fair value.

Cash and cash equivalents are denominated in the following currencies:

$000s	December 31 2022	December 31 2021
US Dollar	70,810	24,376
Swiss Franc	203	174
Other	90	122
	71,103	**24,672**

12. Trade and other payables

$000s	December 31 2022	December 31 2021
Trade accounts payable	7,211	9,448
Other payables and accrued liabilities	15,450	15,355
Purchase consideration (Note 12a)	74,441	-
Current portion	**97,102**	**24,803**
Non-current purchase consideration (Note 12a)	-	67,640
Total trade and other payables	**97,102**	**92,443**

The carrying amounts of trade accounts payables and other payables and accrued liabilities, as presented above, are reasonable approximations of their fair values.

12. Trade and other payables (continued)

a. Purchase consideration

During 2011, the Group acquired OP Hawler Kurdistan Limited ("OPHKL") under the terms of a sale and purchase agreement (the "Purchase Agreement"). Pursuant to the terms of the Purchase Agreement, additional purchase consideration in the amount of $71 million plus interest at LIBOR plus 0.25% per annum was due to the seller of OPHKL in the event of a second commercial discovery.

On July 31, 2017, the amount of $5 million plus accrued interest was paid against the obligation to secure an option to restructure the contingent obligation in a series of annual payments. The option expired on September 30, 2018.

On July 9, 2021, the Group entered into an agreement (the "Forbearance Agreement") with the seller of OPHKL which established that, in the event of a second commercial discovery, the Group has the unconditional right to defer settlement of the consideration until March 31, 2023.

The Forbearance Agreement establishes that interest will not accrue on the liability from July 23, 2020 to March 31, 2023. Therefore, interest previously accrued from July 23, 2020 until July 8, 2021 of $0.5 million was reversed and released to the Consolidated Statement of Profit or Loss and Other Comprehensive Income during the year ended December 31, 2021 (Note 22).

In consideration for the forbearance the Group accepted that, to the extent that any distributions were to be made to the Company's shareholders during the forbearance period, a portion of the consideration in an equal amount, up to the maximum of the liability, would be accelerated and become payable to the seller of OPHKL.

As at December 31, 2021 the Group concluded that the amount was no longer a contingent liability.

The balance of unpaid principal and accrued interest owed to the seller of OPHKL was $76.2 million, as at both December 31, 2022 and December 31, 2021. Under the terms of the Forbearance Agreement no amounts are due prior to March 31, 2023, therefore, as at December 31, 2022, the Group has recognized a current liability of $74.4 million (December 31, 2021 - $67.6 million, non-current) representing the estimated fair value of the obligation. Fair value is determined by discounting the projected future cash flows at a rate of 10%.

13. Retirement benefit obligation

The Group participates in Swiss pension plans for employees of the Group, which are treated by IFRS as defined benefit pension plans. The plans are funded by the payment of contributions by the Group to a third-party administered pension fund.

The disclosures set out below are based on calculations carried out as at December 31, 2022 by a qualified independent actuary and have been prepared in accordance with IAS 19 – Employee Benefits.

The principal actuarial assumptions used at the reporting date were:

	December 31 2022	December 31 2021
Discount rate	2.30%	0.40%
Expected return on plan assets	0.50%	0.50%
Expected rate of salary increases	2.50%	2.50%
Future pension increases	0.00%	0.00%
Inflation	1.00%	1.00%

13. Retirement benefit obligation (continued)

The following table reconciles the funded status of defined benefit plans to the amounts recognized in the Consolidated Statement of Financial Position:

$000s	December 31 2022	December 31 2021
Fair value of plan assets	4,935	5,026
Present value of defined benefit obligation	(6,329)	(7,268)
Excess of obligation over value of assets	**(1,394)**	**(2,242)**

The change in the defined benefit obligation is as follows:

$000s	2022	2021
Defined benefit obligation, beginning of year	(7,268)	(3,726)
Current service cost	(462)	(451)
Interest cost	(29)	(10)
Remeasurement gains / (losses)	1,341	(1,057)
Benefits deposited	(2)	(2,153)
Past service gain	-	10
Translation difference and other	91	119
Defined benefit obligation, end of year	**(6,329)**	**(7,268)**

The change in the fair value of plan assets is as follows:

$000s	2022	2021
Fair value of plan assets, beginning of year	5,026	1,966
Interest income	20	6
(Loss) / Return on plan assets	(464)	528
Employer contributions	415	435
Benefits deposited	2	2,153
Translation loss	(64)	(62)
Fair value of plan assets, end of year	**4,935**	**5,026**

The plan assets are comprised of investments held by the insurance company that reinsures the Group’s pension obligations.

The amounts recognized in loss for the year comprise the following:

$000s	Year ended December 31 2022	Year ended December 31 2021
Current service cost	462	451
Net interest expense	9	4
Other	3	-
Defined benefit cost recognized in loss for the year	**474**	**455**

Defined benefit costs of $0.5 million (2021 - $0.5 million) have been included in general and administrative expenses.

The amounts recognized in other comprehensive loss comprise the following:

$000s	Year ended December 31 2022	Year ended December 31 2021
Actuarial (gain) / loss	(1,341)	1,057
Loss / (return) on plan assets, excluding interest income	464	(528)
Defined benefit (gain) / cost recognized in other comprehensive income	**(877)**	**529**

14. Decommissioning obligation

The Group has an obligation to decommission its oil and gas assets upon cessation of operations. In calculating the value of the Group's future decommissioning obligation at December 31, 2022, management has made significant judgments and estimates based on an assessment of the current economic environment and factors specific to the assets to be decommissioned. These estimates are reviewed annually and when circumstances suggest that such revisions are required. Actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning may depend on when the fields cease to produce at economically viable rates. This in turn will depend, inter alia, upon future oil prices, which are inherently uncertain.

Decommissioning obligations, all of which relate to the Hawler license area in the Kurdistan Region of Iraq, are forecast to be incurred in 2038 at the end of the development period.

During the year ended December 31, 2022, the Group revised the cost estimates used to calculate the decommissioning obligation based on an updated engineering assessment of resources required for decommissioning activities, and the latest contractual prices for equipment and services. The new assessment of the costs involved resulted in an increase of $1.5 million from the previous assessment. The cost estimates used are based on current contract values.

The estimated net present value of the decommissioning obligation at December 31, 2022 is $18.9 million (December 31, 2021 - $26.2 million) based on the Group's undiscounted liability of $48.2 million (December 31, 2021 - $33.9 million).

The assumed inflation rate used in the calculation to determine the carrying value of the decommissioning obligation was updated at December 31, 2022 to 2.1% (December 31, 2021 - 0.9%). The inflation rate is referenced to the World Bank inflation development indicator for Iraq.

The applicable discount rate was also reviewed at December 31, 2022 and increased to 6.0% (December 31, 2021 - 2.0%). The discount rate is determined by adding the US risk-free rate plus the inflation rate.

$000s	**Year ended December 31, 2022**	**Year ended December 31, 2021**
Decommissioning obligation, beginning of the year	**26,213**	**39,485**
Change in cost estimates	1,520	(19,535)
Change in inflation rate	6,073	(1,869)
Change in discount rate	(16,540)	2,636
Property development additions	1,216	5,122
	18,482	**25,839**
Accretion expense (Note 22)	465	374
Decommissioning obligation, end of the year	**18,947**	**26,213**

The change in the decommissioning obligation detailed in the table above resulted in non-cash credits of $0.3 million and $7.5 million, respectively, to the intangible asset (Note 6) and property, plant and equipment balances (Note 7) during the year ended December 31, 2022.

If a 10% increase was applied to the gross costs used in the calculation, the net present value of the decommissioning obligation at December 31, 2022 would increase by $1.9 million. If a 5% increase to the discount rate was applied, the net present value of the decommissioning obligation would decrease by $9.9 million at December 31, 2022.

15. Share capital

a. Issued common shares

	Number of shares	Share capital $000s
At January 1, 2021	**578,197,218**	**1,362,633**
Issue of shares for LTIP	6,778,984	588
At December 31, 2021	**584,976,202**	**1,363,221**
Issue of shares for LTIP	15,330,155	2,246
At December 31, 2022	**600,306,357**	**1,365,467**

The Company has unlimited authorized share capital at December 31, 2022.

2022 share capital transactions

On September 1, 2022, the Company issued 15,330,155 common shares to employees under the Group's Long Term Incentive Plan ("LTIP").

2021 share capital transactions

On September 1, 2021, the Company issued 6,778,984 common shares to employees under the Group's LTIP.

b. Warrants

In March 2020, in connection with a loan (since fully settled), the Group issued warrants to acquire 33,149,000 common shares of the Company. The warrants expired without exercise on March 10, 2023.

16. Share-based payments

The LTIP provides incentives intended to motivate employees and provide a longer-term perspective to the total remuneration package. Annual awards under the LTIP comprise common shares of the Company.

During the year ended December 31, 2022, the Company issued 8,022,645 shares relating to the 2020 LTIP, 3,608,241 shares relating to the 2021 LTIP, and 3,699,269 shares related to the 2022 LTIP. During the year ended December 31, 2021, the Company issued 3,188,988 shares relating to the 2021 LTIP and 3,589,996 shares related to the 2020 LTIP. As part of the LTIP settled during the year December 31, 2022, $0.8 million was issued in cash, in lieu of shares to the same value.

The fair value of share-based payments in respect of officers and employees charged to the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended December 31, 2022 was $1.8 million (2021 - $0.7 million). The fair value of shares granted under the LTIP has been determined based on the volume weighted average price of the Company's publicly traded shares for the five days prior to the grant date.

17. Basic and diluted loss / earnings per share

The (loss) / profit and weighted average number of common shares used in the calculation of the basic and diluted (loss) / earnings per share are as follows:

$000s	Year ended December 31 2022	Year ended December 31 2021
(Loss) / profit for the period attributable to equity holders	(137,984)	10,270
Weighted average number of common shares for basic and diluted earnings per share (1)	590,352,256	580,456,879
Basic and Diluted (loss) / earnings per share - $	**(0.23)**	**0.02**

(1) The unvested LTIP shares are excluded as the vesting conditions have not yet been met.
(2) Outstanding warrants are excluded from diluted shares for the years ended December 31, 2022 and December 31, 2021 as they were anti-dilutive.

18. Reserves

$000s	Share based compensation and warrants	Other Reserves	Total reserves
At January 1, 2021	**20,539**	**2,643**	**23,182**
Share based payment transactions	707	-	707
Issue of shares for LTIP	(588)	-	(588)
At December 31, 2021	**20,658**	**2,643**	**23,301**
Share based payment transactions	1,815	-	1,815
Issue of shares and cash for LTIP	(3,044)	-	(3,044)
At December 31, 2022	**19,429**	**2,643**	**22,072**

19. Supplemental cash flow information

a. Adjustments for non-cash transactions

$000s	Year ended December 31 2022	Year ended December 31 2021
Gain on deconsolidation of subsidiary	-	(15,725)
Revenue	992	-
Royalties	(425)	-
Depreciation, depletion and amortization	49,225	38,253
Share based payment expense	922	131
Impairment	220,584	32,440
Change in retirement benefit obligation in other comprehensive income	877	(529)
Unrealized foreign exchange losses / (gains)	50	(60)
Income tax expense	(6)	(12)
Finance expense	465	125
Change in retirement benefit obligation in profit and loss	(373)	1,036
Increase in fair value of purchase consideration (Note 12a)	6,801	11,256
Reduction of expected credit loss against trade and other receivables	-	(3,538)
Other expense and (income)	697	(1,463)
Items not involving cash	**279,809**	**61,914**

19. Supplemental cash flow information (continued)

b. Cash flows relating to non-cash working capital

$000s	Year ended December 31 2022	Year ended December 31 2021
Inventories	(3,786)	1,472
Trade and other receivables	(29,073)	(15,682)
Other current assets	(814)	(521)
Trade and other payables	(2,223)	4,654
Cash (outflows) relating to non-cash working capital	**(35,896)**	**(10,077)**

The cash flows relating to non-cash working capital relate to the following activities:

$000s	Year ended December 31 2022	Year ended December 31 2021
Operating	(28,631)	(20,701)
Investing - PP&E	(9,442)	10,624
Investing - Intangible assets	2,177	-
Cash (outflows) relating to non-cash working capital	**(35,896)**	**(10,077)**

c. Other cash flow information

Other cash flow Information $000s	Year ended December 31 2022	Year ended December 31 2021
Cash income taxes paid (net)	(39)	(347)

20. Income tax expense

$000s	Year ended December 31 2022	Year ended December 31 2021
Current income tax expense	(6,505)	(3,633)
Deferred tax	6	11
Income tax expense	**(6,499)**	**(3,622)**

Current income tax expense relates to deemed tax on profits from oil sales in the Kurdistan Region of Iraq ("KRI") and on taxable profits from operations of the Group's Swiss and Maltese subsidiaries. For the year ended December 31, 2022, income taxes related to oil sales in the KRI in the amount of $6.2 million (December 31, 2021 - $3.5 million) were deemed to be collected by the government through its allocation of Profit Oil under the Hawler PSC. Cumulatively, since the inception of Hawler production in 2013, such income taxes deemed to have been collected by the KRG through its allocation of Profit Oil and related to oil sales in the KRI amount to $18.4 million.

20. Income tax expense (continued)

Income taxes vary from the amount that would be computed by applying statutory tax rates to income before taxes as follows:

$000s	Year ended December 31 2022	Year ended December 31 2021
(Loss) / Profit before income tax	(131,485)	13,892
Combined Canadian federal and provincial income tax recovery at the statutory rate	30,241	(3,073)
Effect of income / (losses) exempt from taxation	(1,575)	1,060
Effect of tax rates of subsidiaries operating in other jurisdictions	(2,140)	(1,238)
Effect of non-deductible expenses / non-taxable gains	2,206	1,234
Effect of current year non-recognition of deferred tax assets	(22,493)	5,518
Other items	260	121
Income tax expense	**6,499**	**3,622**

Deferred tax assets related to the benefit of other tax deductions and losses have not been recognized as it is not sufficiently probable that these assets will be realized. Cumulative unused tax losses unrecognized in deferred tax assets amount to $41.5 million at December 31, 2022 (December 31, 2021 - $68.8 million). There are no temporary differences arising on income in subsidiaries based on the current tax regimes.

21. Other expense and income

The components of other expense and income for the years indicated are as follows:

$000s	Note	Year ended December 31 2022	Year ended December 31 2021
Reduction in materials inventory provision	**8**	85	1,831
Other		(468)	(290)
Other (expense) and income		**(383)**	**1,541**

22. Finance costs

The components of finance costs for the years indicated are as follows:

$000s	Note	Year ended December 31 2022	Year ended December 31 2021
Accretion of decommissioning obligation	**14**	(465)	(374)
Interest reversed on long-term liability	**12a**	-	249
Finance costs		**(465)**	**(125)**

23. Subsidiaries

Details of the Company's subsidiaries at December 31, 2022 are included in the table below:

Name of subsidiary	Country of incorporation	Principal place of business	Principal activity	Proportion of interest / voting rights
Forza Petroleum Holdings PLC(1)	Malta	Malta	Intermediate holding company	100%
Forza Petroleum Services SA	Switzerland	Switzerland	Administrative / technical services	100%
Forza Petroleum Middle East Limited	BVI	BVI	Intermediate holding company	100%
OP Hawler Kurdistan Limited	BVI	Iraq – Kurdistan region	Oil and gas exploration	100%
Forza Petroleum Africa Limited	BVI	BVI	Intermediate holding company	100%
OP OML 141 Nigeria Limited	Nigeria	Nigeria	Dormant	100%

(1) Held directly by Forza Petroleum Limited. All other subsidiaries are held through subsidiary undertakings.
(2) KPA Western Desert Energy Limited was liquidated during the year ended December 31, 2022.

24. Related party transactions

The following transactions were carried out with parties who were considered related to the Group at the time of the transaction.

a. Interim credit facility

ZOG Credit Facility

On August 26, 2020, the Group entered the ZOG Credit Facility of which $5 million had been drawn as at December 31, 2020. There was no commitment fee and amounts borrowed under the facility accrued no interest. The ZOG Credit Facility was settled in full during the year ended December 31, 2021. There were no new facilities entered into during the year ended December 31, 2022.

b. Purchases of goods and services

During the years ended December 31, 2022 and December 31, 2021 the Group sourced technical services from an entity under common control for interpretation and processing of technical data.

$000s	Year ended December 31 2022	Year ended December 31 2021
From an entity under common control	274	180
	274	**180**

The above transactions did not contain unusual commercial terms and the fees charged under the agreements were reasonable and not materially inconsistent with fees which would normally be associated with broadly comparable agreements. The above amounts have been settled in full at December 31, 2022.

24. Related party transactions (continued)

c. Key management compensation

The remuneration of the directors and senior officers, the key management personnel of the Group, in aggregate is set out below.

$000s	Year ended December 31 2022	Year ended December 31 2021
Wages, salaries and other short-term benefits	3,319	2,371
Post-employment benefits	154	157
Share based compensation	1,714	194
	5,187	**2,722**

25. Segment information

The Group has a single class of business which is to explore, develop and produce oil from oil and gas assets. There is one geographic operating segment, for which information is distinguished from that for corporate activities as follows:

For the year ended December 31, 2022 **$000s**	**Middle East**	**Corporate**	**Total**
Revenue	323,769	-	323,769
Royalty	(132,514)	-	(132,514)
Net revenue	**191,255**	**-**	**191,255**
Operating expense	(37,221)	-	(37,221)
Depreciation, depletion and amortization	(49,223)	(2)	(49,225)
Impairment loss	(220,584)	-	(220,584)
General and administration expense	(4,248)	(3,944)	(8,192)
Other (expense) / income	(386)	3	(383)
Change in fair value of purchase consideration (Note 12a)	(6,801)	-	(6,801)
Segment result	**(127,208)**	**(3,943)**	**(131,151)**
Finance income			133
Finance costs			(465)
Foreign exchange gain			(2)
Loss before income tax			**(131,485)**
Income tax expense			(6,499)
Loss for the year			**(137,984)**
Capital additions(1)	58,905	16	58,921
Segment assets as at December 31, 2022	446,845	1,335	448,180
Segment liabilities as at December 31, 2022	113,836	3,607	117,443

(1) Before non-cash credits relating to the change in estimates used to calculate the decommissioning obligation.

25. Segment information (continued)

For the year ended December 31, 2021 $000s	Middle East	Corporate	Total
Revenue	187,796	-	187,796
Royalty	(76,940)	-	(76,940)
Net revenue	**110,856**	**-**	**110,856**
Operating expense	(30,074)	-	(30,074)
Depreciation, depletion and amortization	(38,184)	(69)	(38,253)
Impairment loss	(32,440)	-	(32,440)
General and administration expense	(3,252)	(2,405)	(5,657)
Reduction of expected credit loss against trade and other receivables	3,538	-	3,538
Other income	1,538	3	1,541
Gain on deconsolidation of subsidiary	-	15,725	15,725
Change in fair value of purchase consideration (Note 12a)	(11,256)	-	(11,256)
Segment result	**726**	**13,254**	**13,980**
Finance costs			(125)
Foreign exchange gain			37
Profit before income tax			**13,892**
Income tax expense			(3,622)
Profit for the year			**10,270**
Capital additions[1]	45,792	-	45,792
Segment assets as at December 31, 2021	582,880	4,845	587,725
Segment liabilities as at December 31, 2021	117,330	3,568	120,898

(1) Before non-cash credits relating to the change in estimates used to calculate the decommissioning obligation.

Non-current assets, aggregated by country, are as follows:

$000s	December 31 2022	December 31 2021
Iraq (Kurdistan Region)	298,671	517,265
Other	262	241
	298,933	**517,506**

26. Gain on deconsolidation of subsidiary

OP Congo SA initiated liquidation proceedings in Congo (Brazzaville) during the year ended December 31, 2020. The liquidation was opened and a liquidation trustee appointed by the Pointe-Noire Tribunal of Commerce on March 24, 2021. From such date, the Company no longer had control over this entity and OP Congo SA was deconsolidated from the Group, resulting in a $15.7 million gain during the year ended December 31, 2021.

27. Commitments

a. Contractual obligations

The Group has entered into agreements which contain provisions for the following spending commitments:

$000s	December 31 2022	December 31 2021
No later than one year	2,479	2,479
One to five years	9,915	9,915
Greater than five years	22,309	24,788
	34,703	**37,182**

The commitments noted above reflect the contractually committed amounts relating to the Group's planned execution of expected and contracted exploration and development activities as at December 31, 2022. The change in the commitment balance relates to payments made during the year ended December 31, 2022.

b. Short-term commitments – Group company as lessee

The Group has no material lease commitments and consequently has not recognized any right-of-use assets or corresponding liabilities. Short-term lease obligations do not exceed $0.6 million and contain no purchase options.

28. Contingent liabilities

In the normal course of operations, the Group may be subject to litigation and claims. In management's estimation, no such litigation or claim, individually or in aggregate, is expected to result in a liability that would have a significant adverse effect on the financial position or results of operations of the Group.