

Scirocco Energy plc

("Scirocco" or the "Company")

**UNAUDITED INTERIM RESULTS FOR THE SIX
MONTHS ENDED 30 JUNE 2022**

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Operational highlights

Scirocco Energy (AIM: SCIR), the AIM investing company targeting attractive assets within the European sustainable energy and circular economy markets, is pleased to announce its unaudited interim results for the six months ended 30 June 2022.

Period Highlights:

- In line with the Investing Policy approved at AGM in July 2021, the Company continued to support Energy Acquisitions Group Limited ("EAG"), where Scirocco has a 50% ownership interest, to identify additional investment opportunities building on the acquisition by EAG of 100% of Greenan Generation Limited ("GGL") and associated 0.5 MWe Anaerobic Digestion ("AD") plant located in County Londonderry, Northern Ireland. AD is a process that creates biogas, a renewable energy source that will help the UK deliver on its decarbonisation commitments
- During the period, GGL has continued to out-perform original expectations:
 - Revenue supported by higher NIROC payment levels and higher power sales prices
 - EBITDA for H1 2022 was £253k on track for a 2022 full year estimated EBITDA of c. £600k.
- Following an exhaustive sales process over c. 24 months, the Company announced on 13th June 2022 that it had reached agreement with Wentworth Resources plc to sell its 25% interest in the Ruvuma asset for a total consideration of up to \$16 million:
 - Initial consideration of US\$3 million payable on completion of the Proposed Transaction;
 - US\$3 million payable upon final investment decision being taken by the parties to the Ruvuma Asset Production Sharing Agreement or the JOA as the case may be;
 - Deferred consideration of up to US\$8 million payable in the form of a 25% net revenue share from the point when Ruvuma commences delivery of gas to the gas buyer;
 - Contingent consideration of US\$2 million payable on gross production reaching a level equal to or greater than 50Bcf.
- The Ruvuma disposal was approved by Shareholders at a general meeting held on 29th June 2022
- The Prolific Basins financing facility outstanding balance was part settled through the issuance of Scirocco shares on two occasions and a waiver fee associated with approval of the Ruvuma divestment with the outstanding balance at 30 June of \$545,000;
- The Company disposed of part of its remaining shareholding in Helium One realizing c. £160k in proceeds during the period;
- Continued the Company's focus on cost discipline and cash preservation; and
- Held cash at 30 June 2022 of £1.03 million

Post Period Highlights:

- On 12 July 2022 the Company received formal notice from ARA Petroleum Tanzania Limited ("APT"), the current 50% interest holder and operator of Ruvuma, that it was exercising its pre-emption rights with regards to Scirocco's proposed divestment of the Ruvuma asset ("Ruvuma") to Wentworth Resources plc ("Wentworth") in addition to a separate letter received from the Tanzania Petroleum Development Corporation ("TPDC") stating that it is considering exercising its statutory rights of first refusal in relation to the Ruvuma pursuant to Section 86(5) of the Petroleum Act 2015. On 19 August 2022, the Company received written confirmation from the Tanzania Petroleum Development Corporation ("TPDC") that it was not exercising its statutory right of first refusal with respect to the Company's divestment of its 25% interest in the Ruvuma asset.
- On 31 August 2022, APT and Scirocco entered into binding agreements which, inter-alia, provides access to cash call cover through the previously announced loan facility (with Wentworth Resources plc) and 1st drawdown notice for \$1.614 million. Other than for adjustments with respect to conditions precedent then fulfilled, APT entered into all of the same agreements (and on the same terms) as Wentworth Resources plc (as detailed in the Company's announcement of 13 June 2022).
- On 2 September 2022, the Company received a letter from a group of shareholders of the Company requesting the

Company to convene a general meeting of the Company's shareholders pursuant to section 303 of the Companies Act 2006 (the "Act"). Pursuant to this request on 15 September 2022, the Company published a Circular to Shareholders, along with accompanying Notice of General Meeting and Form of Proxy.

- On 14 September 2022, the Company noted the announcement by Reabold Resources plc regarding the conditional sale of its investee company, Corallian Energy Limited in which Scirocco owns 83,333 shares following a subscription by Scirocco in 2018 at a price of £1.50 per share. A price of up to £3.20 per share will be paid to Corallian shareholders as a combination of initial cash plus contingent payments offering a profitable exit with up to £267k of proceeds net to Scirocco (based on estimated £3.20 per share).
- On 27 September 2022, the Company announced that the subscriber (the "Subscriber") under the share subscription deed governing the investment facility ("Investment Facility"), the details of which were announced to the market on 29 June 2020, had issued the Company a settlement notice for US\$100,000. Accordingly, the Company issued and allotted 44,923,630 ordinary shares, with a deemed price of £0.0020 ("Settlement Shares") to the Subscriber. The Subscriber's investment was made as a prepayment for ordinary shares in the Company, the number (and price) of which were to be determined at the time the Subscriber elected to receive such shares, according to the average of five daily volume-weighted average prices during the twenty trading days prior to the date of such election.

At the time the Company sent out its Notice of its 2022 AGM held on 3 August, and continuing through the actual AGM, it was not aware it would be able to rely on the authority granted at the 2020 AGM, hence why Resolution 5 was proposed. Following the defeat of Resolution 5, the Company therefore believed, at that time, and as stated in the Result of AGM RNS on 3 August, that it was in default of the Prolific Basins facility.

Subsequent to the 2022 AGM, the Company reviewed prior authorities as part of a discussion with Prolific Basins regarding settlement of the facility. At the 2020 AGM, approval was taken to allot shares on a non-pre-emptive basis in favour of Prolific and the resolution included the wording as follows: "... save that the Company may make an offer or agreement before the expiry of the authority which would or might require shares to be allotted or Rights to be granted after expiry of the authority and the Directors of the Company may allot shares and grant Rights in pursuance of that offer or agreement as if the authority had not expired."

This is a standard formulation in non-pre-emptive authorities (derived from s.570(4) of the Companies Act 2006) to allot to cover agreements reached prior to the expiry of that authority to allow allotments to be made after the expiration of such authority.

Therefore the Company considers that the £1m authority taken at the 2020 AGM can be used to allot shares to Prolific on a continuing basis given there is sufficient headroom remaining thereunder. Any subsequent authorities requested (such as at the 2022 AGM), part of an assessment of risk about potential headroom, are not necessary given the share price and amount remaining under the 2020 authority suffices to allot shares to Prolific.

The Company does not have a general authority to allot on a non-pre-emptive basis given this has expired and that resolution did not pass at the 2022 AGM. It is only the ability to allot shares to Prolific that continues pursuant to the authority described above

Commenting on the Interim Results, Alastair Ferguson, Non-Executive Chairman said:

"The first half of 2022 has continued to see significant change for the Company as it continued to implement the Investment Policy which targets assets within the European sustainable energy and circular economy markets. This policy will see Scirocco allocating capital in assets which support the energy transition and offer a stable, growing source of cash flow going forward.

With the pivot to investment in assets within the sustainable energy and circular economy we made clear that we intend to recycle value delivered from Scirocco's legacy assets to fund new investment activities.

I was pleased that the Company was able to announce the sale of its legacy interest in Ruvuma following the agreement with

Wentworth Resources plc in June for up to \$16 million, subsequently pre-empted by our joint venture partner APT. We are now working closely with APT to deliver a timely completion of the sale, which we expect to be by the year end. The proceeds of the divestment - both at completion and any future contingent payments - will be available for reinvestment in assets which comply with the company's investment policy.

Following the end of the period the Company has also received initial loan funds from APT which are available for investment and general corporate purposes.

The Company is now in a strong position: it has an agreed sale for its most significant legacy asset which is expected to deliver further proceeds in the future to fund new investment and the cash calls for Ruvuma are being funded by the loan arrangement with APT. Taken together the Company represents a solid platform for further investment in its target assets.

We now look forward to growing the portfolio and the team are working hard to deliver this."

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR").

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Chairman's statement

Introduction

I am pleased to be providing this statement in my capacity as Non-Executive Chairman of Scirocco. At the end of 2021, the Company had established a new investment policy which was approved by shareholders and made its first related investment to support EAG in acquiring GGL. The Company had also seen positive developments within its legacy asset portfolio which had the potential to support improved interest by prospective acquirers. The Board's singular focus has been to turn legacy assets into capital available for reinvestment in line with the investment policy. The Company has made progress in this respect through the partial sale of its Helium One holding and the recent news regarding the sale of Corallian Energy Limited, a private company where Scirocco holds shares.

With the sale of the Company's legacy 25% interest in Ruvuma clarified, as announced on 13 June and subsequently approved by shareholders on 29 June, and initial drawdown received from APT following its pre-emption, we can now focus our efforts on our core objectives which remain the same as I shared at the same time last year:

- o To Implement the new investment policy to invest in attractive assets within the sustainable energy and circular economy with a view to growing a portfolio of cash generative assets over time;
- o To Grow the company's access to resources and personnel within the target space; and
- o To Identify new opportunities and progress the EAG investment.

The Board is aware that not all shareholders supported the divestment of Ruvuma and that a minority continue to actively frustrate our efforts to make progress. The Board is committed to grow value for all shareholders by the most appropriate investment of Company resources on a risk adjusted basis. This principle led to the adoption of the new investment policy, which was approved by over 99 per cent. of shareholders in 2021, and the decision to divest legacy assets. While the Board will engage with all shareholders on a reasonable basis the direction of travel has been set and we look forward to delivering on the objectives listed above.

Strategy and Business Development

With the progress made in divesting legacy assets the Board restates Scirocco's objective to build a portfolio of cash generative assets within the following three core areas:

- Energy – assets which generate energy for sale through sustainable or renewable means in the form of biogas or electrical power;
- Circular – assets which recover a valuable component of an industrial, municipal or agricultural waste stream for re-use, generally reducing the system carbon footprint in parallel; and
- Vector – assets involved in the storage, transmission, or delivery of energy within a low carbon context.

The Board believes it will offer Shareholders and investors exposure to an asset portfolio with an attractive risk/reward profile within the sustainable energy ecosystem. Over time, the Board believes shareholder value can be delivered through operational improvement, driving improved profitability; reinvestment of cash flow to fund further acquisition; the periodic refinancing of the portfolio as it grows, supporting lower cost asset finance; and ultimately the payment of a regular dividend.

Outlook

The first half of 2022 has been a period of significant progress within Scirocco towards long term goals defined by the investment policy. The sale of the Company's Ruvuma interest to APT following its pre-emption of the deal originally announced with Wentworth Resources plc has removed a significant call over the Company's cash resources which can now be directed towards alternative investments.

We look forward to putting these resources to good effect in growing a cash generative portfolio of assets over the remainder of 2022 and into 2023.

Alastair Ferguson

Non-Executive Chairman

Date: 30 September 2022

Investment Update

Energy Acquisitions Group Limited

The Company invested in EAG in September 2021 to support the acquisition of Greenan Generation Limited ("GGL").

Financial

In Q1 2022 the revenue received for the quarter by GGL totalled £323k (unaudited) supported by high power prices through the period. This compares to the same period in 2021 where revenue was £240k (unaudited) - a 34.5% year on year increase. EBITDA for Q1 2022 was £158k and at current power prices, EBITDA for the first 12 months of EAG's ownership of GGL is on target to exceed £600k.

In Q2 2022, the revenue received for the quarter by GGL totalled £267k (unaudited) supported by consistently high power prices. This compares to the same period in 2021 where revenue was £266k (unaudited). Comparable performance was largely due to significant refurbishment downtime in Q1 2022 and a consequent reduction of £36k in NIROC income which would otherwise have been received in Q2. EBITDA for Q2 2022 was £95k (unaudited) bringing H1 2022 EBITDA to £253k (unaudited) on track for a 2022 full year estimated EBITDA of c. £600k.

Operational

During Q1 2022, in order to future proof the plant at its Greenan site, the EAG team completed the replacement and recommissioning of a number of elements of critical equipment, at a total cost of c. £230k funded from operational cash flow:

- All mixers in the premix tank
- All primary digester mixers, and refurbishment of all mixer infrastructure including winches, winch motors and guide rails
- Full Edina CHP (Combined Heat & Power) engine block change, and completing major service
- Upgrade and replacement of augers and pumps in feed and recirculation system including installation of automatic recirculation system

During Q2 2022, following the major upgrade and futureproofing works, the plant has enjoyed consistent performance with 95% + operational efficiency and an average power sales price of £163 per mw/hr

Q2 2022 was a period of stable operations and delivery, with operational efficiency consistently above 95%. Other than preventative maintenance, which is contracted with long term service providers, there are no further major upgrade projects planned in the next 24 months. As seen during Q2, the plant is expected to operate at over 95% efficiency for the foreseeable future, with no further scheduled downtime.

Business Development

Throughout H1 2022, EAG carried out due diligence on three additional AD plants. Under the arrangement with SEM (announced by Scirocco in an RNS dated 9 December 2021) the Company and EAG gained exclusive access to a technical solution for the processing of digestate into a nutrient dense organic fertiliser. The EAG team engaged in discussions regarding up to seven merchant installations of the SEM equipment on third party AD plants. This is in addition to the planned nutrient recovery system at Greenan, which is expected to increase EBITDA for the entire Greenan complex to c. £1,500k per annum once operational.

Tom Reynolds

Chief Executive Officer

Date: 30 September 2022

Principal risks and uncertainties

The principal risks facing the Company were set out in the Company's Annual Report and Accounts to 31 December 2021. As the investment policy is implemented, the Company's risk profile will continue to evolve due to its exposure to different assets and markets, and a full statement of risks will be published in subsequent Annual Report and Accounts.

On behalf of the board

Alastair Ferguson

Non-Executive Chairman

Date: 30 September 2022

Directors' responsibilities

The Directors are responsible for preparing the Interim Report in accordance with applicable law and regulations.

Company law requires the Directors to prepare Company financial statements for each financial year. Under AIM Rules for Companies of the London Stock Exchange they are required to prepare the Company financial statements in accordance with International Financial Reporting Standards in conformity with the requirements of the Companies Act 2006. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

Company law requires the Directors to prepare Company financial statements for each financial year. Under AIM Rules for Companies of the London Stock Exchange they are required to prepare the Company financial statements in accordance with International Financial Reporting Standards (IFRSs) in conformity with the Companies Act 2006.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRS; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on the Company's website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Six months ended 30 June 2022 (Unaudited) £ 000	Six months ended 30 June 2021 (Unaudited) £ 000
Continuing operations			
Administrative expenses		(733)	(713)
Loss before investment activities		(733)	(713)
Interest income	5	65	-
Gain on disposal of shares	8	57	(15)
Costs to sell investments		(30)	(330)
Exchange gain/(loss)		72	(17)
Fair value through profit and loss		27	2,910
(Loss)/profit on ordinary activities before taxation		(542)	1,835
Income tax expense		-	-
Total comprehensive (loss)/profit for the period from continuing operations		(542)	1,835
Discontinued operations			
Assets held for sale	9	-	9
Profit/(loss) recognised on classification as held for sale		1,314	(337)
Profit/(loss) for the period from discontinuing operations		1,314	(328)
Profit and total comprehensive income for the period		772	1,507
Total comprehensive income attributable to owners of the parent		772	1,507
Earnings per share (pence)	10		
Basic and diluted		0.10	0.20
Earnings per share from continuing operations			
Basic and diluted		(0.07)	0.25
Earnings per share from discontinued operations			
Basic and diluted		0.17	(0.05)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2022 (Unaudited) £ 000	As at 31 December 2021 (Audited) £ 000
Non-current assets			
Financial assets at fair value through profit or loss	11	372	437
Total non-current assets		372	437
Current assets			
Trade and other receivables	14	334	153
Cash and cash equivalents		1,028	2,059
Loan receivable from related party		1,379	1,244
Assets held for sale	13	13,295	11,600
Total current assets		16,036	15,056
Total assets		16,408	15,493
Current liabilities			
Trade and other payables	15	202	178
Liabilities held for sale	13	166	166
Total current liabilities		368	344
Net current assets		15,668	14,712
Total liabilities		368	344
Net assets		16,040	15,149
Equity			
Share capital	16	1,518	1,518
Deferred share capital	16	2,729	2,729
Share premium reserve		38,155	38,155
Share-based payments	17	2,060	1,941
Retained earnings		(28,422)	(29,194)
Total equity		16,040	15,149

CONDENSED INTERIM STATEMENT OF CASH FLOWS

		Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
		£ 000	£ 000
Cash flows from operating activities			
Cash absorbed by continuing operations	23	(580)	(92)
Interest paid		-	(1)
Net cash outflow from operating activities		(580)	(93)
Cash flows from investing activities			
Cash movements in relation to assets held for sale		(381)	(237)
Payments to acquire investments		-	(45)
Proceeds from disposal of investments		-	1,500
Loan granted to related party		(70)	-
Net cash (outflow)/inflow from investing activities		(451)	1,218
Net (decrease)/increase in cash and cash equivalents		(1,031)	1,125
Cash and cash equivalents at beginning of period		2,059	1,168
Cash and cash equivalents at end of period		1,028	2,293

CONDENSED STATEMENT OF CHANGES IN EQUITY

	Share capital	Deferred share capital	Share premium	Share based payments	Retained earnings	Total
	£000	£000	£000	£000	£000	£000
Balance at 31 December 2020	1,448	1,831	38,399	1,470	(25,503)	17,645
Profit for the period	-	-	-	-	1,507	1,507
Credit to equity for equity-settled share-based payments	-	-	-	298	-	298
Balance at 30 June 2021	1,448	1,831	38,399	1,768	(23,996)	19,450
Loss for the period	-	-	-	-	(5,198)	(5,198)
Issue of share capital	70	(362)	292	-	-	-
Shares not issued moved to deferred share capital	-	536	(536)	-	-	-
Consideration received for shares to be issued	-	724	-	-	-	724
Credit to equity for equity-settled share-based payments	-	-	-	173	-	173
Balance at 31 December 2021	1,518	2,729	38,155	1,941	(29,194)	15,149
Profit for the period	-	-	-	-	772	772
Credit to equity for equity-settled share-based payments	-	-	-	119	-	119
Balance at 30 June 2022	1,518	2,729	38,155	2,060	(28,422)	16,040

NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION

1 BASIS OF PREPARATION

The financial information has been prepared under the historical cost convention and on a going concern basis and in accordance with International Financial Reporting Standards and as applied in accordance with the provisions of the Companies Act 2006. The principal accounting policies adopted by the Company are set out below.

The condensed interim financial information for the period ended 30 June 2022 has not been audited or reviewed in accordance with the International Standard on Review Engagements 2410 issued by the Auditing Practices Board. The figures were prepared using applicable accounting policies and practices consistent with those adopted in the statutory accounts for the year ended 31 December 2021. The figures for the year ended 31 December 2021 have been extracted from these accounts, which have been delivered to the Registrar of Companies, and contained an unqualified audit report.

The condensed interim financial information contained in this document does not constitute statutory accounts. In the opinion of the Directors the financial information for this period fairly presents the financial position, result of operations and cash flows for this period.

This Interim Financial Report was approved by the Board of Directors on 30 September 2022.

Statement of compliance

These condensed company interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union with the exception of International Accounting Standard ('IAS') 34 – Interim Financial Reporting. Accordingly, the interim financial statements do not include all of the information or disclosures required in the annual financial statements and should be read in conjunction with the Company's 2021 annual financial statements.

2 ADOPTION OF NEW AND REVISED STANDARDS

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2022, but do not have an impact on the interim financial statements of the Company.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform

The amendments in Interest Rate Benchmark Reform – Phase 2, introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduces disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

Amendments to IFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021

The amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a Covid-19-related rent concession is a lease modification.

These amendments had no impact on the interim financial statements of the Company.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

Useful lives of intangible assets and property, plant, and equipment (note 11)

Intangible assets and property, plant and equipment are amortised or depreciated over their useful lives. Useful lives are based on the management's estimates of the period that the assets will generate revenue, which are based on judgement and experience and periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the income statement in specific periods.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Share-based payments (note 17)

The Company utilised an equity-settled share-based remuneration scheme for employees. Employee services received, and the corresponding increase in equity, are measured by reference to the fair value of the equity instruments at the date of grant, excluding the impact of any non-market vesting conditions. The fair value of share options is estimated by using Black-Scholes valuation method as at the date of grant. The assumptions used in the valuation are described in note 17 and include, among others, the expected volatility, expected life of the options and number of options expected to vest.

Recoverability of trade receivables (note 14)

The Company considers the recoverability of trade receivables to be a key area of judgement. The Company considers trade receivables to be credit impaired once there is evidence a loss has been incurred. An expected credit loss is calculated on an annual basis. The Directors believe that the debtor is still recoverable based on their knowledge of the market in Tanzania and historical evidence of similar receivables being paid. The Directors have recognised the asset as they believe they are still legally entitled to receive it. The Tanzanian Government have a history of building up receivables with other companies and billing them at a future date.

4 OPERATING SEGMENTS

Based on risks and returns, the Directors consider that the primary reporting format is by business segment. The Directors consider that there are two business segments:

- Head office support from the UK
- Segment assets for Canada relate to an investment in Corallian Energy
- Discontinued operations on its investments in Tanzania

	Continuing Operations			Discontinuing Operations	
	Canada	UK	Total	Tanzania	Total
	£000	£000	£000	£000	£000
6 months to 30 June 2022					
Administrative expenses	-	(733)	(733)	-	(733)
Interest income	-	65	65	-	65
Other gains and losses	-	99	99	1,314	1,413
Fair value through profit and loss	-	27	27	-	27
Profit/(loss) from operations per reportable segment	-	(542)	(542)	1,314	772
Additions to non-current assets	-	27	27	-	27
Reportable segment assets	125	2,953	3,078	13,295	16,373
Reportable segment liabilities	-	(202)	(202)	(166)	(368)
6 months to 30 June 2021					
	Canada	UK	Total	Tanzania	Total
	£000	£000	£000	£000	£000
Administrative expenses	-	(713)	(713)	-	(713)
Interest income	-	-	-	9	9
Other gains and losses	-	(362)	(362)	(337)	(699)
Fair value through profit and loss	-	2,910	2,910	-	2,910
Profit/(loss) from operations per reportable segment	-	1,835	1,835	(328)	1,507
Additions to non-current assets	-	123	123	237	360
Reportable segment assets	125	5,313	5,438	14,628	20,066
Reportable segment liabilities	-	(450)	(450)	(166)	(616)

5 REVENUE

	6 months to 30 June 2022 £000	6 months to 30 June 2021 £000
Other significant revenue		
Interest income	65	-
Contract balances	30 June 2022 £000	30 June 2021 £000
Other receivables	-	271
Accrued income and interest	-	98

Trade receivables accrue interest for non-payment. Outstanding debtors accrue interest at a rate in accordance with the joint venture agreement and are generally on terms of 30 days. In 2022, there is a provision of £nil (June 2021: £54k) for expected credit losses on trade receivables.

Interest income relates to interest charged on outstanding invoices.

6 EXPENSES BY NATURE

	6 months to 30 June 2022 £000	6 months to 30 June 2021 £000
Continuing operations		
Exchange (gains)/losses	72	(17)
Interest income	65	-
Fees payable to the Company's auditor for the audit of the Company's financial statements	(22)	(8)
Professional, legal, and consulting fees	(291)	(276)
Costs to sell investments	(30)	(330)
AIM related costs including investor relations	(44)	(62)
Accounting-related services	(73)	(55)
Travel and subsistence	(7)	-
Office and administrative expenses	(10)	(9)
Other expenses	-	(12)
Fair value through profit or loss	27	2,910
Gain/(loss) on disposal of investments	57	(15)
Share-based payments	(119)	(298)
Directors' remuneration	(133)	(17)
Wages and salaries and other related costs	(35)	24
	<u>(542)</u>	<u>1,835</u>

7 EMPLOYEES

	6 months to 30 June 2022	6 months to 30 June 2021
Average number of employees (excluding executive directors):	-	-
	6 months to 30 June 2022 (unaudited) £000	6 months to 30 June 2021 (unaudited) £000
Their aggregate remuneration comprised:		
Wages and salaries	-	-
	6 months to 30 June 2022 (unaudited) £000	6 months to 30 June 2021 (unaudited) £000
Directors' remuneration	133	17

	Salary and fees £000	Share-based payments £000	Termination payments £000	Total £000
Period ended 30 June 2022				
Alastair Ferguson	37	25	-	62
Tom Reynolds	75	25	-	100
Donald Nicolson	13	37	-	50
Muir Miller	8	20	-	28
Douglas Rycroft	-	12	-	12
	133	119	-	252
	Salary and fees £000	Share-based payments £000	Termination payments £000	Total £000
Period ended 30 June 2021				
Jonathan Fitzpatrick	-	37	-	37
Alastair Ferguson	(7)	73	-	66
Tom Reynolds	24	112	-	136
Donald Nicolson	-	49	-	49
Muir Miller (appointed 18 February 2021)	-	15	-	15
Douglas Rycroft	-	12	-	12
	17	298	-	315

From February 2020, the Directors opted to defer their salaries with payments resuming from 2022. Shares in lieu of salary will be issued for deferred amounts (note 17).

No directors received pension contributions in 2022 or 2021.

8 OTHER GAINS AND LOSSES

	6 months to 30 June 2022 £000	6 months to 30 June 2021 £000
Gain on disposal of Helium One shares	57	36
Loss on disposal of Helium One shares	-	(51)
	57	(15)

9 DISCONTINUED OPERATIONS

The Company had a 25% interest in a high-quality development project in Tanzania, Ruvuma. At the date of authorisation of these interim financial statements, the Ruvuma asset has been sold, following the approval of shareholders at the general meeting on 29 June 2022. Although sold, the sale remains subject to satisfaction of certain conditions and no guarantee can be made that the sale completes.

The results of the discontinued business, which have been included in the income statement, balance sheet and cash flow statement, were as follows:

	6 months to 30 June 2022 £000	6 months to 30 June 2021 £000
Revenue	-	9
Fair value revaluation	1,314	(337)
Profit/(loss) before taxation	1,314	(328)
Net profit/(loss) attributable to discontinuation	1,314	(328)

The profit after tax on disposal of the assets held for sale is made up as follows:

	£000
Fair value less costs to sell	13,129
Assets and liabilities classified as held for sale at 31 December 2021 (note 13)	11,434
Additions in 6 months to 30 June 2022	381
	<u>11,815</u>
Movement on fair value revaluation at 30 June 2022	<u>1,314</u>

Loss per share impact from discontinued operations:

	6 months to 30 June 2022 £000	6 months to 30 June 2021 £000
Basic and diluted impact (pence)	0.17	(0.05)

Cash flow statement

	6 months to 30 June 2022 £000	6 months to 30 June 2021 £000
Net cash flows from investing activities	(381)	(162)
Total cash flows from discontinued operations	<u>(381)</u>	<u>(162)</u>

10 EARNINGS PER SHARE

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

	Six months to 30 June 2022 (Unaudited)	Six months to 30 June 2021 (Unaudited)
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share (millions)	758.79	723.95
	£000	£000
Earnings		
Continuing operations		
(Loss)/profit for the period from continued operations	(542)	1,835
Discontinued operations		
Profit/(loss) for the period from discontinued operations	1,314	(328)
Basic and diluted earnings per share (pence)		
From continuing operations	(0.07)	0.25
From discontinuing operations	0.17	(0.05)
	0.10	0.20

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

11 INVESTMENTS

Quoted Equity Investments

Cost	30 June 2022 £000	31 December 2021 £000
Quoted equity investments	247	312
Unquoted equity investments	125	125
	372	437

The quoted investments in the current year relate to an equity investment held in Helium One Ltd, a company incorporated in the British Virgin Islands. Their subsidiaries hold helium mining licenses across Tanzania. The shares held have been valued at the mark-to-market value of 8.00p per share at 30 June 2022 (7.00p per share at 31 December 2021). During the period to 30 June 2022, the Company disposed of 1,550,000 shares. On disposal of the shares the investment was revalued to the mark-to-market value on the various dates of disposal and a subsequent gain or loss recognised.

Unquoted Equity Investments

Cost	£000
At 1 January and 31 December 2021	125
Additions	-
At 30 June 2022	125
Impairment	
At 31 December and 30 June 2022	-
Carrying amount	
At 31 December 2021 and 30 June 2022	125

The unquoted investments in the current period relate to an equity investment held in Corallian Energy Limited, a company

incorporated in England which holds interests in oil and gas basins in the United Kingdom.

12 SUBSIDIARIES AND ASSOCIATES

The subsidiaries of Scirocco Energy Plc are Scirocco Energy International Limited a wholly owned, UK incorporated micro-entity, which is dormant, and has been since incorporation with an issued share capital of £1 and Scirocco Energy (UK) Limited, a wholly owned, UK incorporated entity which was dormant until 2021. The registered office of the subsidiaries is 1 Park Row, Leeds, United Kingdom, LS1 5AB.

The Company has taken advantage of the exemption under the Companies Act 2006 s405 not to consolidate Scirocco Energy International Limited as it has been dormant from the date of incorporation and is not material for the point of giving a true and fair view.

The Board announced on 25 August 2021 that the Group had completed an investment in Energy Acquisitions Group Ltd ("EAG"), a specialist acquisition and operating vehicle in the sustainable energy sector. On completion of the investment, Scirocco Energy (UK) Limited owns 50% of the share capital of EAG.

13 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

	30 June 2022 £000	31 December 2021 £000
Intangible assets	12,941	11,246
Oil and gas properties	354	354
Total assets classified as held for sale	13,295	11,600
Decommissioning provision	166	166
	166	166

At the date of authorisation of these interim financial statements, the Ruvuma asset has been sold, following the approval of shareholders at the general meeting on 29 June 2022. Although sold, the sale remains subject to satisfaction of certain conditions and no guarantee can be made that the sale completes.

14 TRADE AND OTHER RECEIVABLES

	30 June 2022 £000	31 December 2021 £000
Other receivables	269	111
Less provision for expected credit losses	-	-
	269	111
VAT recoverable	55	21
Prepayments	10	21
	334	153

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

15 TRADE AND OTHER PAYABLES

	30 June 2022 £000	31 December 2021 £000
Trade payables	126	142
Accruals	76	36
	202	178

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

16 SHARE CAPITAL

	Number of shares	Nominal value £000
a) Called up, allotted, issued and fully paid: Ordinary shares of 0.2 pence each		
As at 31 December 2020	723,949,575	1,448
20 October 2021 – placing for cash at 0.2 pence	34,838,350	70
At 31 December 2021 and 30 June 2022	758,787,925	1,518
	30 June 2022 £000	31 December 2021 £000
b) Deferred shares		
At beginning of the period	2,729	1,831
Shares not issued moved to deferred share capital	-	536
Issue of new shares	-	(362)
Consideration received for shares to be issued	-	724
	2,729	2,729

c) Total share options in issue

During the year no incentive options were granted (2021: nil). As at June 30 2022 there were 51,419,781 incentive options in issue (2021: 51,419,781)

During the year 10,193,284 (2021: 24,997,841) share options in lieu of salary and/or fees due to the relevant option holders were granted. As at 30 June 2022 there were 54,246,990 share options in lieu of salary and/or fees in issue (2021: 44,053,706)

d) Total warrants in issue

12,500,000 warrants expired in 2022. No warrants were issued or exercised during the year (2021: nil)

As at 30 June 2022 no warrants were outstanding (2021: 12,500,000).

17 SHARE BASED PAYMENT

The Company has opted to remunerate the Directors for the period to 30 June 2022 by a grant of an option over the Ordinary Shares of the capital of the Company as detailed in the deed of option grants. The life of the options is 18 months. There are 3 executive directors and 2 non-executive directors who are members of the plan. The following table summarises the expense recognised in the Statement of Comprehensive Income since the options were granted.

	30 June 2022 £000	31 December 2021 £000
Directors' options	32	285
Incentive options	87	186
Credit to equity for equity-settled share-based payments	119	471

During June 2020 (and the height of the Covid-19 pandemic) the Company sought to put in place a strategy that would help to conserve the Company's cash position in the near term and to maximise alignment between the Board, Management team and Shareholders.

Accordingly, the Company proposed to grant nominal cost options over new Ordinary Shares of 0.2p (£0.002) to Directors and select members of the Management Team ("the Director Options"). The Director Options were granted over a total of 10,193,284 Ordinary Shares (2021: 24,997,841) and have an aggregate value equal (on a net basis, after deduction of the nominal exercise price per Ordinary Share) to the fair value of salary and/or fees due to the relevant option holders up to 30 June 2022.

In 2021, members of the Management Team were also awarded options over Ordinary Shares with an exercise price of 1.3p (£0.013) ("the Incentive Options"), which was approximately a 24% premium to the closing mid-market price of the Company's Ordinary Shares on 26 June 2020. Each Incentive Option is ordinarily exercisable on the 3rd anniversary of the grant date (being 30 June 2023), except in the event of specified corporate events or, exceptionally, if the option holder leaves as a 'good leaver'. No further Incentive Options were awarded in 2022.

17 SHARE BASED PAYMENT (CONTINUED)

The Company used the Black-Scholes model to determine the value of the incentive options and the inputs. There were no incentive share options for the period ended 30 June 2022. The value of the options and the inputs for the period ended 30 June 2022 were as follows:

	Issue 30 June 2020 Incentive options
Share price at grant (pence)	1.09
Exercise price at grant (pence)	1.30
Expected volatility (%)	84.42
Expected life (years)	6
Risk free rate (%)	0.17
Expected dividends (pence)	nil

Expected volatility was determined using the Company's share price for the preceding 3 years.

The total share-based payment expense in the period for the Company was £86,806 in relation to the issue of incentive options (2021: £186,013) and £nil finance charges in relation to warrants (2021: £nil).

The Incentive Options granted represent approximately 6.8% of the Company's issued share capital (excluding warrants issued to Prolific Basins LLC). The Board has retained additional headroom for additional Incentive Options as it recognises that the future performance of the Company will be dependent on its ability to retain the services of key executives.

18 FINANCIAL INSTRUMENTS

Categories of financial instruments

The following table combines information about:

- Classes of financial instruments based on their nature and characteristics; and
- The carrying amounts of financial instruments

	30 June 2022 £000	31 December 2021 £000
Financial assets at amortised cost		
Other debtors	269	111
Prepayments	10	21
Cash and cash equivalents	1,028	2,059
Loan receivable from related party	1,379	1,244
	2,686	3,435

	Book value 30 June 2022 £000	Fair value 30 June 2022 £000	Book value 31 Dec 2021 £000	Fair value 31 Dec 2021 £000
Financial assets at fair value				
Non-current investment – Helium One	247	247	312	312
Non-current investment – Corallian Energy Limited	125	125	125	125
	372	372	437	437

	30 June 2022 £000	31 December 2021 £000
Financial liabilities at amortised cost		
Trade payables	126	142
Accruals	76	36
	202	178

18 FINANCIAL INSTRUMENTS (CONTINUED)

The table below analyses financial instruments carried at fair value, by valuation method.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values for the Company's assets and liabilities are not materially different from their carrying values in the financial statements.

The following table presents the Company's financial assets that are measured at fair value:

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Non-current investment – Helium One	247	-	-	247
Non-current investment – Corallian Energy Limited	-	-	125	125
	<u>247</u>	<u>-</u>	<u>125</u>	<u>372</u>

The Company does not have any liabilities measured at fair value. There have been no transfers in to or transfers out of fair value hierarchy levels in the period.

Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price.

Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. No investments are valued using level 2 inputs in the period.

Financial instruments in level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Following the guidance of IFRS 9, these financial instruments have been assessed to determine the fair value of the instrument. In their assessment, the Directors have considered both external and internal indicators to decide whether an impairment charge must be made or whether there needs to be a fair value uplift on the instrument.

The carrying value of the Company's financial assets and liabilities measured at amortised cost are approximately equal to their fair value. The Company is exposed through its operations to one or more of the following financial risks:

- Fair value or cash flow interest rate risk
- Foreign currency risk
- Liquidity risk
- Credit risk
- Market risk
- Expected credit losses

Policy for managing these risks is set by the Board. The policy for each of the above risks is described in more detail below.

Fair value and cash flow interest rate risk

Generally, the Company has a policy of holding debt at a floating rate. The Directors will revisit the appropriateness of this policy should the Company's operations change in size or nature. Operations are not permitted to borrow long-term from external sources

locally.

18 FINANCIAL INSTRUMENTS (CONTINUED)

Foreign currency risk

Foreign exchange risk arises because the Company has operations located in various parts of the world whose functional currency is not the same as the functional currency in which the Company's investments are operating. The Company's net assets are exposed to currency risk giving rise to gains or losses on retranslation into sterling. Only in exceptional circumstances will the Company consider hedging its net investments in overseas operations as generally it does not consider that the reduction in volatility in net assets warrants the cash flow risk created from such hedging techniques.

The Company's exposure to foreign currency risk at the end of the reporting period is summarised below.

	30 June 2022	31 December 2021
	\$000	\$000
	USD	USD
Trade and other receivables	150	150
Cash and cash equivalents	732	1,415
Trade and other payables	-	(166)
Net exposure	882	1,399

Sensitivity analysis

As shown in the table above, the Company is primarily exposed to changes in the GBP:USD exchange rate through its cash balance held in USD and trading balances. The table below shows the impact in GBP on pre-tax profit/loss of a 10% increase/decrease in the GBP:USD exchange rate, holding all other variables constant.

	30 June 2022	31 December 2021
	£000	£000
GBP:USD exchange rate increases 10%	66	116
GBP:USD exchange rate decreases 10%	(80)	(142)

Liquidity risk

The liquidity risk of each entity is managed centrally by the treasury function. Each operation has a facility with treasury, the amount of the facility being based on budgets. The budgets are set locally and agreed by the Board annually in advance, enabling the cash requirements to be anticipated. Where facilities of the Group need to be increased, approval must be sought from the finance Director. Where the amount of the facility is above a certain level, agreement of the Board is needed.

All surplus cash is held centrally to maximise the returns on deposits through economies of scale. The type of cash instrument used, and its maturity date will depend on the forecast cash requirements.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts presented are the undiscounted cash flows.

	Less than 6 months £000	6 to 12 months £000	Between 1 and 2 years £000	Between 2 and 5 years £000
30 June 2022				
Trade and other payables	202	-	-	-
Total	202	-	-	-
31 December 2021				
Trade and other payables	178	-	-	-
Total	178	-	-	-

Credit risk

The Company is mainly exposed to credit risk from credit sales. It is Company policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices.

The Company does not enter into complex derivatives to manage credit risk, although in certain isolated cases may take steps to mitigate such risks if it is sufficiently concentrated.

18 FINANCIAL INSTRUMENTS (CONTINUED)

Market risk

As the Company invests in listed companies, the market risk will be that of finding suitable investments for the Company to invest in and the returns that those investments will yield given the markets in which investments are made.

Expected credit losses

Allowances are recognised as required under the IFRS 9 impairment model and continue to be carried until there are indicators that there is no reasonable expectation of recovery.

For trade and other receivables which do not contain a significant financing component, the Company applies the simplified approach. This approach requires the allowance for expected credit losses to be recognised at an amount equal to lifetime expected credit losses. For other debt financial assets, the Company applies the general approach to providing for expected credit losses as prescribed by IFRS 9, which permits for the recognition of an allowance for the estimated expected loss resulting from default in the subsequent 12-month period. Exposure to credit loss is monitored on a continual basis and, where material, the allowance for expected credit losses is adjusted to reflect the risk of default during the lifetime of the financial asset should a significant change in credit risk be identified.

Most the Company's financial assets are expected to have a low risk of default. A review of the historical occurrence of credit losses indicates that credit losses are insignificant due to the size of the Company's clients and the nature of the services provided. The outlook for the oil and gas industry is not expected to result in a significant change in the Company's exposure to credit losses. As lifetime expected credit losses are not expected to be significant the Company has opted not to adopt the practical expedient available under IFRS 9 to utilise a provision matrix for the recognition of lifetime expected credit losses on trade receivables. Allowances are calculated on a case-by-case basis based on the credit risk applicable to individual counterparties.

Exposure to credit risk is continually monitored to identify financial assets which experience a significant change in credit risk. In assessing for significant changes in credit risk the Company makes use of operational simplifications permitted by IFRS 9. The Company considers a financial asset to have low credit risk if the asset has a low risk of default; the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term; and no adverse changes in economic or business conditions have been identified which in the longer term may, but will not necessarily, reduce the ability of the counterparty to fulfil its contractual cash flow obligations. Where a financial asset becomes more than 30 days past its due date additional procedures are performed to determine the reasons for non-payment to identify if a change in the exposure to credit risk has occurred.

Should a significant change in the exposure to credit risk be identified the allowance for expected credit losses is increased to reflect the risk of expected default in the lifetime of the financial asset. The Company continually monitors for indications that a financial asset has become credit impaired with an allowance for credit impairment recognised when the loss is incurred. Where a financial asset becomes more than 90 days past its due date, additional procedures are performed to determine the reasons for non-payment to identify if the asset has become credit impaired.

The Company considers an asset to be credit impaired once there is evidence that a loss has been incurred. In addition to recognising an allowance for expected credit loss, the Company monitors for the occurrence of events that have a detrimental impact on the recoverability of financial assets. Evidence of credit impairment includes, but is not limited to, indications of significant financial difficulty of the counterparty, a breach of contract or failure to adhere to payment terms, bankruptcy or financial reorganisation of a counterparty or the disappearance of an active market for the financial asset. A financial asset is only written off when there is no reasonable expectation of recovery.

A provision matrix can be used based on historical data of default rates adjusted for a forward-looking estimate. The history of default rates needs to be accessed in conjunction with the aging of the trade receivable balance. The aging of a balance alone does not require a provision but can be used as a structure to apply the rates calculated. The historical default rates are used in accordance with forward looking information.

To determine the amount of ECL to be recognised in the financial statements, Scirocco is using a provision matrix based on its historical observed default rates which is adjusted for forward-looking estimates and establishes that ECL should be calculated as:

None-past due	0.5% of carrying value
30 days past due	2% of carrying value
31-60 days past due	4% of carrying value
61-90 days past due	6% of carrying value
90 days - 3 years past due	10% of carrying value
Over 3 years past due	20% of carrying value

The simplified approach enables Scirocco to make an estimate of ECL as they are unable to track the credit worthiness of customers.

18 FINANCIAL INSTRUMENTS (CONTINUED)

The total outstanding amount is £123k at 30 June 2022 (30 June 2021: £271k) with no ECL recognised in the current period (2021: £54k). The Directors believe that the debtor is still recoverable based on their knowledge of the market in Tanzania and historical evidence of similar receivables being paid. The Directors have recognised the asset as they believe they are still legally entitled to receive it. The Tanzanian Government have a history of building up receivables with other companies and billing them at a future date.

19 RELATED PARTY TRANSACTIONS

The Company had the following amounts outstanding from its investee companies at the balance sheet date.

	30 June 2022 £000	31 December 2021 £000
Helium One Ltd opening balance	-	73
Conversion to share capital in Helium One Limited	-	(73)
Closing balance	-	-

The only transactions between the parent and its subsidiaries, which are related parties, relate to a loan from parent to Scirocco (UK) limited, and interest charged on this loan. Details of Director's remuneration, being key personnel, are given in note 7.

The Company entered transactions with the following related parties who have common directors during the current period:

	30 June 2022 £000	31 December 2021 £000
Gneiss Energy Limited – provision of corporate finance advisory – common director Jonathan Fitzpatrick. Resigned as director of Scirocco Energy plc July 2021.	135	606
Quixote Advisors Ltd – provision of management services – common director Tom Reynolds	-	(19)

During the period, the Company paid related party Gneiss Energy Limited fees related to corporate financial advice and management services.

20 ULTIMATE CONTROLLING PARTY

In the opinion of the Directors there is no controlling party.

21 COMMITMENTS

As at 30 June 2022, the Company had no material commitments (31 December 2021: £nil).

22 RETIREMENT BENEFIT SCHEME

The Company operates only the basic pension plan required under UK legislation, contributions thereto during the period amounted to £nil (31 December 2021: nil).

23 CASH GENERATED BY OPERATIONS

	30 June 2022 £000	30 June 2021 £000
Profit/(loss) for the period from continuing operations	(542)	1,835
Profit/(loss) for the period for discontinuing operations	1,314	(328)
<i>Adjustments for:</i>		
Finance costs	-	1
Exchange movement	-	6
Loss on disposal of investments	-	15
Revaluation of investments to mark-to-market value	(81)	(2,910)
(Profit)/loss on fair value revaluation of available for sale assets	(1,314)	337
Interest accrued on loan to related party	(65)	-
Equity settled share-based payment expense	119	298
<i>Movements in working capital:</i>		
(Increase)/decrease in trade and other receivables	(35)	456
Increase in trade and other payables	24	198
Cash absorbed by operations	(580)	(92)

24 EVENTS AFTER THE REPORTING DATE

Sale of 25% Interest in Ruvuma asset

On 12 July 2022 the Company received formal notice from ARA Petroleum Tanzania Limited ("APT"), the current 50% interest holder and operator of Ruvuma, that it was exercising its pre-emption rights with regards to Scirocco's proposed divestment of the Ruvuma asset ("Ruvuma") to Wentworth Resources plc ("Wentworth") in addition to a separate letter received from the Tanzania Petroleum Development Corporation ("TPDC") stating that it is considering exercising its statutory rights of first refusal in relation to the Ruvuma pursuant to Section 86(5) of the Petroleum Act 2015. On 19 August 2022, the Company received written confirmation from the Tanzania Petroleum Development Corporation ("TPDC") that it was not exercising its statutory right of first refusal with respect to the Company's divestment of its 25% interest in the Ruvuma asset.

On 31 August 2022, APT and Scirocco entered into binding agreements which, inter-alia, provides access to cash call cover through the previously announced loan facility (with Wentworth Resources plc) and 1st drawdown notice for \$1.614 million. Other than for adjustments with respect to conditions precedent then fulfilled, APT entered into all of the same agreements (and on the same terms) as Wentworth Resources plc (as detailed in the Company's announcement of 13 June 2022).

Requisitioned EGM

On 2 September 2022, the Company received a letter from a group of shareholders of the Company requesting the Company to convene a general meeting of the Company's shareholders pursuant to section 303 of the Companies Act 2006 (the "Act"). Pursuant to this request on 15 September 2022, the Company published a Circular to Shareholders, along with accompanying Notice of General Meeting and Form of Proxy.

Corallian Sale Announcement

On 14 September 2022, the Company noted the announcement by Reabold Resources plc regarding the conditional sale of its investee company, Corallian Energy Limited in which Scirocco owns 83,333 shares following a subscription by Scirocco in 2018 at a price of £1.50 per share. A price of up to £3.20 per share will be paid to Corallian shareholders as a combination of initial cash plus contingent payments offering a profitable exit with up to £267k of proceeds net to Scirocco (based on estimated £3.20 per share).

Investment Facility Part Settlement

On 27 September 2022, the Company announced that the subscriber (the "Subscriber") under the share subscription deed governing the investment facility ("Investment Facility"), the details of which were announced to the market on 29 June 2020, had issued the Company a settlement notice for US\$100,000. Accordingly, the Company issued and allotted 44,923,630 ordinary shares, with a deemed price of £0.0020 ("Settlement Shares") to the Subscriber. The Subscriber's investment was made as a prepayment for ordinary shares in the Company, the number (and price) of which were to be determined at the time the Subscriber elected to receive such shares, according to the average of five daily volume-weighted average prices during the

twenty trading days prior to the date of such election.

At the time the Company sent out its Notice of its 2022 AGM held on 3 August, and continuing through the actual AGM, it was not aware it would be able to rely on the authority granted at the 2020 AGM, hence why Resolution 5 was proposed. Following the defeat of Resolution 5, the Company therefore believed, at that time, and as stated in the Result of AGM RNS on 3 August, that it was in default of the Prolific Basins facility.

Subsequent to the 2022 AGM, the Company reviewed prior authorities as part of a discussion with Prolific Basins regarding settlement of the facility. At the 2020 AGM, approval was taken to allot shares on a non-pre-emptive basis in favour of Prolific and the resolution included the wording as follows: "... save that the Company may make an offer or agreement before the expiry of the authority which would or might require shares to be allotted or Rights to be granted after expiry of the authority and the Directors of the Company may allot shares and grant Rights in pursuance of that offer or agreement as if the authority had not expired."

This is a standard formulation in non-pre-emptive authorities (derived from s.570(4) of the Companies Act 2006) to allot to cover agreements reached prior to the expiry of that authority to allow allotments to be made after the expiration of such authority.

Therefore the Company considers that the £1m authority taken at the 2020 AGM can be used to allot shares to Prolific on a continuing basis given there is sufficient headroom remaining thereunder. Any subsequent authorities requested (such as at the 2022 AGM), part of an assessment of risk about potential headroom, are not necessary given the share price and amount remaining under the 2020 authority suffices to allot shares to Prolific.

The Company does not have a general authority to allot on a non-pre-emptive basis given this has expired and that resolution did not pass at the 2022 AGM. It is only the ability to allot shares to Prolific that continues pursuant to the authority described above

25 A COPY OF THIS INTERIM STATEMENT IS AVAILABLE ON THE COMPANY'S WEBSITE: www.sciroccoenergy.com.