Companhia Moçambicana de Hidrocarbonetos, SA

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 June 2022

Companhia Moçambicana de Hidrocarbonetos, SA
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I. CORPORATE INFORMATION

Company Name: Companhia Moçambicana de Hidrocarbonetos, S.A. (CMH, S.A.)
Registered Commercial Number: 13 259

Tax Registration Number (NUIT): 400102961

Board of Directors:
- Arsénio Mabote (Chairman)
- Fernando Faustino (Board Director)
- Fahim Mahomed (Board Director)

Fiscal Council:
- Miquelina Julien (President)
- Bruno Munguambe (First Voter)
- Filipe Masquil (Second Voter)

General Assembly:
- Manuel Mazuze (President)
- Maria Uache (Secretary)
- Iolanda Matsinhe (Secretary)

Chief Executive Officer: Joaquim Veríssimo

Shareholding Structure:
- Empresa Nacional de Hidrocarbonetos, E.P. (70%)
- Government of Mozambique (20%)
- National Private Investors (10%)

Share Capital: MT 593 411 500 (USD25 286 649)

Number of Shares: 5 934 115 (593 411 are listed on the Mozambique Stock Exchange)

Auditors: KPMG Auditores e Consultores, S.A.

Banks: Standard Bank South Africa, ABSA Mozambique Lda and FNB Moçambique, Millennium BIM, BCI, MOZA, Letshego and Bayport.

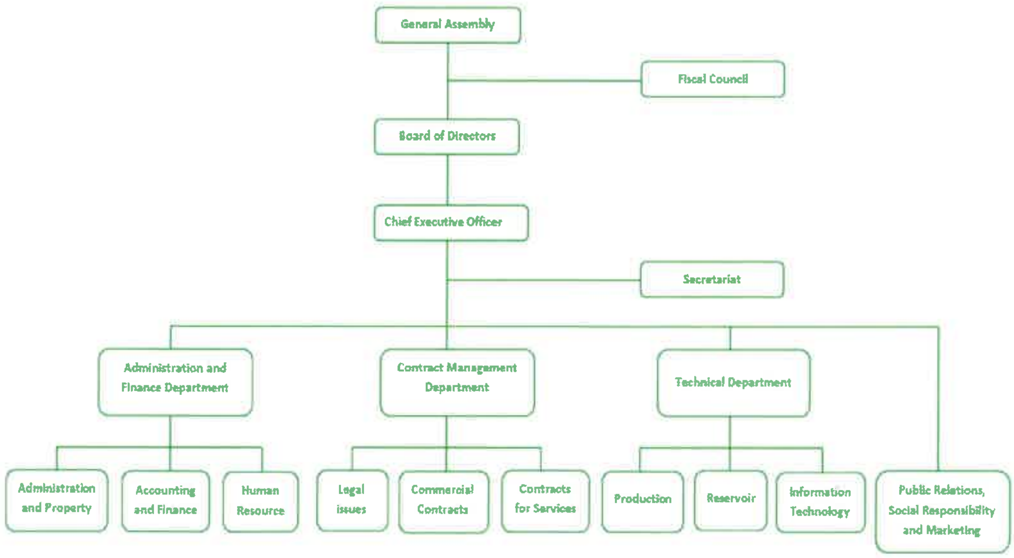
Address: Av. Julius Nyerere, n° 4003, Bairro da Polana Caniço "A"
Maputo – Moçambique

Country of Incorporation: CMH, SA was established in accordance with the Laws of Mozambique.

CMH Vision: Secure optimal utilization of CMH´s present and future gas resources and infrastructure, by optimal operation and securing/providing access to additional Mozambican gas.

CMH Mission: To maximize the shareholder-value from investments in the production. Company, for Pande and Temane Upstream Joint Operation is, in full compliance with contractual rights and obligations.

CMH Structure:



II. MESSAGE OF THE CHAIRMAN

We are pleased to present the Audited Financial Statements for the year ended 30 June 2022.

This financial year was characterized by significant rise in oil prices as result of oil short supply in the international market which positively impacted our revenues.

We can see from our financial statements that CMH has a total comprehensive income (net profit) of USD 36 923 477, which represents a sharp increase when compared to the results of the financial year 2021.

One of the main challenges is the availability of proven reserves to ensure the supply of gas under the signed contracts. During this financial year, we have continued investing in additional infill wells and maintained gas compression projects to recover more gas from the Pande and Temane reservoirs to increase the volumes to be supplied to cover the total contracted quantity, thus mitigating the reserves deficit.

It is important to mention that the company is facing some technical and operational challenges on new infill wells to sustain the *plateau* and restore production wells which have experienced integrity issues. Otherwise, we are also cognisance that the investments made so far will not resolve the issue of reserves deficit, however we are committed with the operator to bring projects within our PPA licence, that will require huge investments, such as: *Plateau* Extension Projects and Decline Optimization (PEDOP).

Notwithstanding the reported constraints, we remain committed to pay satisfactory levels of dividends to our shareholders, what has been a current practice.

On 29 September 2021, an Ordinary General Assembly took place in which the CMH's shareholders approved the distribution of dividends of 75% of the profits for financial year 2021. CMH paid a total amount of USD 8 558 195 of dividends to its shareholders on 27 October 2021.

During this financial year, CMH paid in taxes and contribution a total amount of USD 12 063 903 to the Government, of which 89% represent corporate income tax (IRPC), 9% of withholding taxes (IRPS) and 2% of contribution to the social security (INSS).

During the financial year, CMH continued with the short-term investment policy of the standing balance in onshore and offshore accounts, generating therefore a reasonable interest that improved the net financial result when compared to financial year 2021.

Regarding Corporate Social Responsibility (CSR), CMH continues to provide its contribution to the social projects with the Joint Operations as well as CMH's direct contribution. CMH has contributed in total amount of USD 2 211 314 aimed to complement the Government's effort in promoting the development and well-being of the Mozambican communities. It should be noted that the Covid-19 pandemic had a negative impact on social responsibility and other areas. However, efforts are being made to ensure the return of our interventions safely.

Under the joint operation, regarding local content, we are committed to continuing to implement initiatives that guarantee local development, offering business opportunities to Mozambican shareholder entities in a privileged manner.

Our shares in the securities market - Mozambique Stock Exchange (BVM) continued to be traded, being that, during this financial year, there was a variation in CMH share value from 2 500 to 2 800 Meticais.

In terms of professional training, in 2022, we continue to pay close attention to the needs of our employees, however due to the Covid-19 pandemic, in person lectures were suspended and replaced by virtual ones.

In compliance with the health protocol and within the scope of the public calamity decreed by the Government, CMH continued to develop a set of actions aimed at reducing the risk of contamination in the workplace. In this context, actions were developed to encourage employees to strictly adhere to measures, to prevent and combat this pandemic, having provided appropriate work condition.

In terms of safety, health, and environment, we are happy to continue to report satisfactory level of performance by the operator.

We continued to honour all our commitments by exercising best practices of management for the company regarding dividends, taxation, and other commitments on a regular basis.

We remain committed to transparency, integrity and striving to eliminate any type of negligence, fraud, or corruption in our business. All our annual reports are published through the largest circulation newspaper published in the country and on our website.

In conclusion, we want to extend our sincere gratitude and appreciation to all those who trust us and who have been supporting our company during these hard times. It is in this sense that we address our acknowledgement to members of the Mozambican Government, our shareholders, partners, employees, who have always encouraged us to continue building this company as the vehicle of the participation of Mozambicans on the Pande & Temane gas fields venture.

Maputo, 29 August 2022

Arsénio Mabote
Chairman

III. DIRECTORS' REPORT

The Board of Directors of CMH has pleasure in submitting the Financial Statements and the Directors' Report for the financial year ended 30 June 2022.

1. Nature of the business and main activities

Companhia Moçambicana de Hidrocarbonetos, SA (CMH) is the Mozambican Partner in the Natural Gas Pande and Temane Project (NGP), a Joint Operations (JO). Sasol Petroleum Temane (SPT) is the operator in the Temane and Pande gas fields and is a Mozambican subsidiary of Sasol Exploration and Production International (SEPI), with a 70% interest in the joint operation. The non-operators are Companhia Moçambicana de Hidrocarbonetos (CMH) which is a subsidiary of the state-owned company Empresa Nacional de Hidrocarbonetos, EP, (ENH) with a 25% interest: and International Finance Corporation (IFC), a member of the World Bank Group, with a 5% interest in the joint operation.

The Joint Operations (JO) is managing and developing the Pande and Temane gas fields in Mozambique's Inhambane Province and a Central Processing Facility (CPF). Natural gas and condensate have been produced from the Temane field since February 2004 and Pande field since June 2009. From the CPF, the gas is transported along the 865 Km route through an underground cross-border transmission pipeline to Sasol Gas at Secunda, South Africa and to five off-take points, along the Mozambican portion of the pipeline route, for supply of gas to the domestic market.

Initially the CPF project was designed to produce 120 MGJ/annum of gas to sale to the anchor customer Sasol Gas through the Gas Sales Agreement 1 (GSA 1). In March 2007, the partners agreed to an expansion of the Pande and Temane gas fields and the CPF in Temane to deliver a 50% increase to existing gas production capacity and sales increasing the production capacity of the facilities from 120 MGJ/annum to 183 MGJ/annum. Out of additional capacity of 63 MGJ/annum, 27 MGJ/annum was allocated to Sasol Gas through the Gas Sales Agreement 2 (GSA 2), while the other 27 MGJ/annum was allocated to eligible projects in the Mozambican market detailed as follows: ENH KOGAS 6 MGJ/annum, Central Térmica de Ressano Garcia (CTRG) 11 MGJ/annum, Matola Gas Company (MGC) 8 MGJ/annum and additional 2 MGJ/annum was allocated to ENH in the year 2015, a total of 9 MGJ/annum was reserved for royalty to be paid to the Mozambican Government in kind.

The condensate production is sold to Petromoc at the CPF, and it is transported to Matola port.

To meet the contractual gas supply obligations, there was a need to increase the CPF processing capacity from 183 to 197 MGJ/annum through additional minimal capital expenditure for minor modifications to the plant to implement a debottlenecking project at the CPF.

Low Pressure Compression (LPC) phase 1 has achieved project close-out during FY17 as part of the sustainment projects. RFC (ready for commissioning), beneficial operation (BO) for LP compression phase 2 were achieved at the end of September 2018 and the RFC and BO for the LP phase 3 have been achieved during FY19 and the project has been closed out.

In FY19, the first PPA horizontal well (Pande-27) was successful drilled in Pande field as an infill well to sustain a plateau of 197 MGJ/year.

In FY20, has started MERIC (Mozambique Exploration Remediation & Infill Campaign) with aim to restore wells production that have been experiencing integrity issues and drill new infill wells. The well Integrity Restoration project is to repair certain production wells via workover and to permanently abandon (P&A) other production wells that cannot be worked over and safely restored to production. The infill wells project aims to improve recovery of existing reserves to assist in meeting the PPA Contractual obligations in the GSA's.

In FY21, after rig campaign suspension due to covid 19, the MERIC operations resumed in FY22, whereby one well, T9 were plugged & abandoned and the second PPA horizontal well (Pande-28) has been drilled and tested successfully, with beneficial Operation (BO) already achieved.

During the FY22, the joint venture has successfully drilled wells from the tranche-2 projects, which consisted in drilling 3 new Lpads wells in Pande-G6 (Pande-29, P-30, and P-31). The work is still in progress on connecting the main flowline to the wells and installation instrumentation equipment and the BO is expected to be in December 2022.

2. Results and Activities under the Joint Operation (JO) Scope

2.1 Results

Companhia Moçambicana de Hidrocarbonetos, S.A., earned operating profits, amounting to USD 75 758 763for the Financial year ended 30 June 2022, for its 25% participation in Pande and Temane Joint Operations:

Income Statement - CMH 25%	FY22	FY21
	01 July to 30 June	01 July to 30 June
Turnover	100 169 781	66 513 342
Sales: Natural Gas	96 161 722	64 826 911
Sales: Condensate	4 008 059	1 686 431
Royalties (Natural Gas and Condensate)	(1 656 586)	(1 120 555)
Net revenue after royalties	98 513 195	65 392 787
Operating expenditures relating to JO	(22 754 432)	(13 960 800)
Results from JO prior to CMH expenses	**75 758 763**	**51 431 987**

The results from the JO, increased in 47% compared to the Financial Year 2021 (FY21). The increase is mainly due to higher prices in the international market.

2.1 Production and Sales of Natural Gas and Condensate

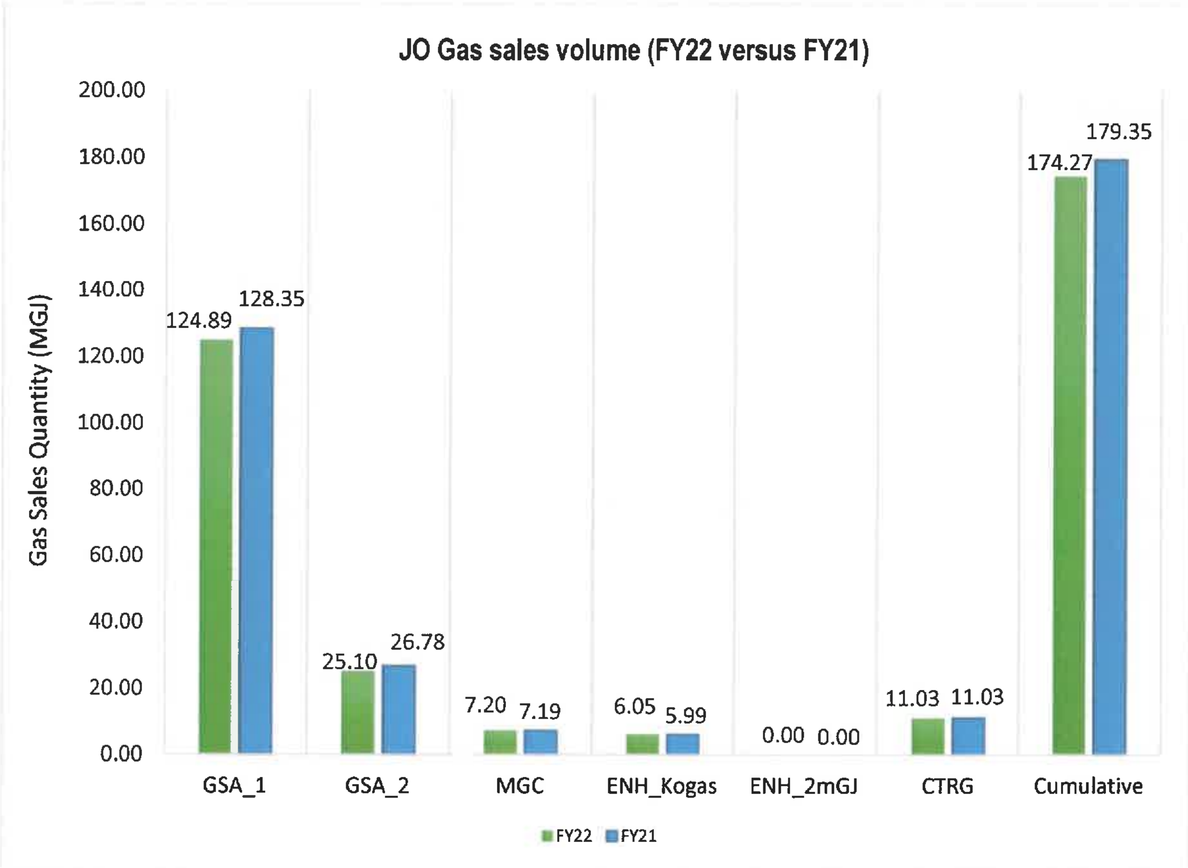
2.2.1 Natural Gas and Condensate Sales

Volumes of Natural Gas and Condensate sold in the Financial Year 2022 (FY22) ended 30 June 2022, are as follows:

UJV Sales Volumes (100%)	Unit	FY22	FY21	Variance
		1 July to 30 June	1 July to 30 June	(%)
Natural Gas - GSA 1	MGJ	124.89	128.35	-2.70
Natural Gas - GSA 2	MGJ	25.10	26.78	-6.29
ENH-kogas	MGJ	6.05	5.99	0.98
MGC	MGJ	7.20	7.19	0.15
CTRG	MGJ	11.03	11.03	0.00
GSA ENH 2mGj	MGJ	[redacted]		
Cumulative gas sales volume	**MGJ**	**174.27**	**179.34**	**-2.83**
Condensate	Bbl	261,700.87	281,456.84	-7.02
Royalty	**Unit**	**FY22**	**FY21**	**Variance**
		1 July to 30 June	**1 July to 30 June**	**(%)**
Gas Taken in Kind	MGJ	4.80	5.05	-4.95
Average Selling Price	**Unit**	**FY22**	**FY21**	**Variance**
		1 July to 30 June	**1 July to 30 June**	**(%)**
Natural Gas - GSA 1	USD/GJ	2.26	1.54	46.75
Natural Gas - GSA 2	USD/GJ	2.18	1.35	61.48
ENH-kogas	USD/GJ	1.99	1.92	3.65
MGC	USD/GJ	2.18	1.35	61.48
CTRG	USD/GJ	2.68	2.58	3.88
GSA ENH 2mGj	USD/GJ	[redacted]		
Condensate	USD/Bbl	61.26	23.97	>100.00

(a) Including excess gas

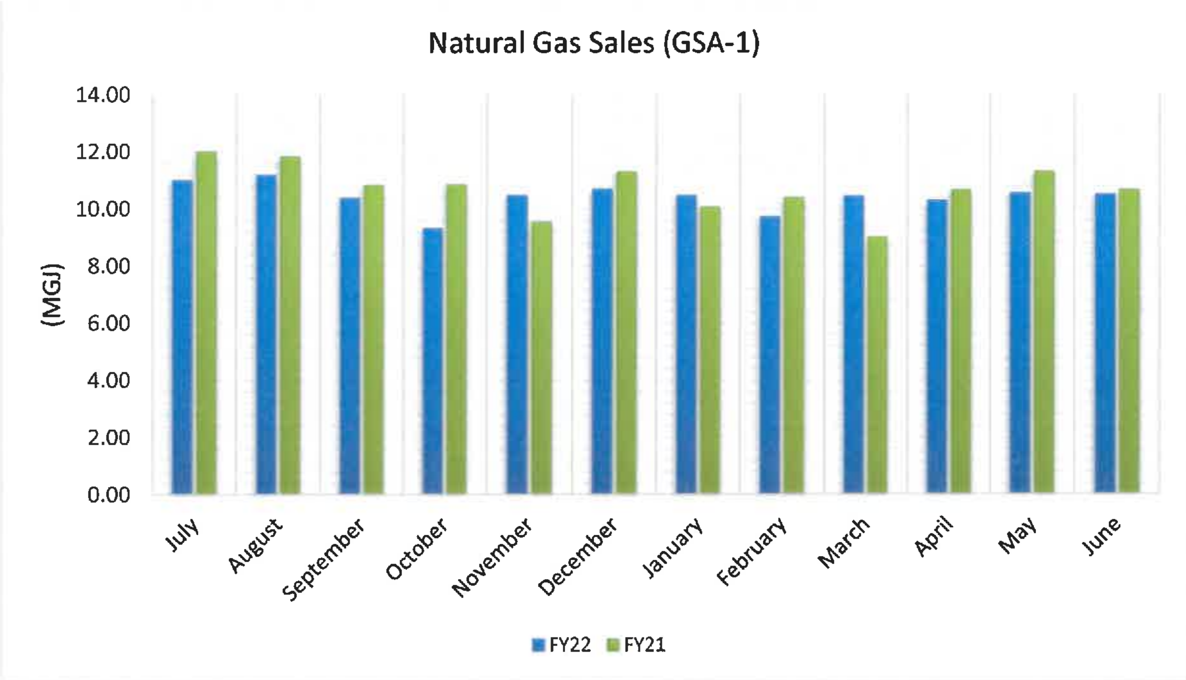
The chart below visualizes the figures from the previous table in terms of sales volumes (FY22 versus FY21).



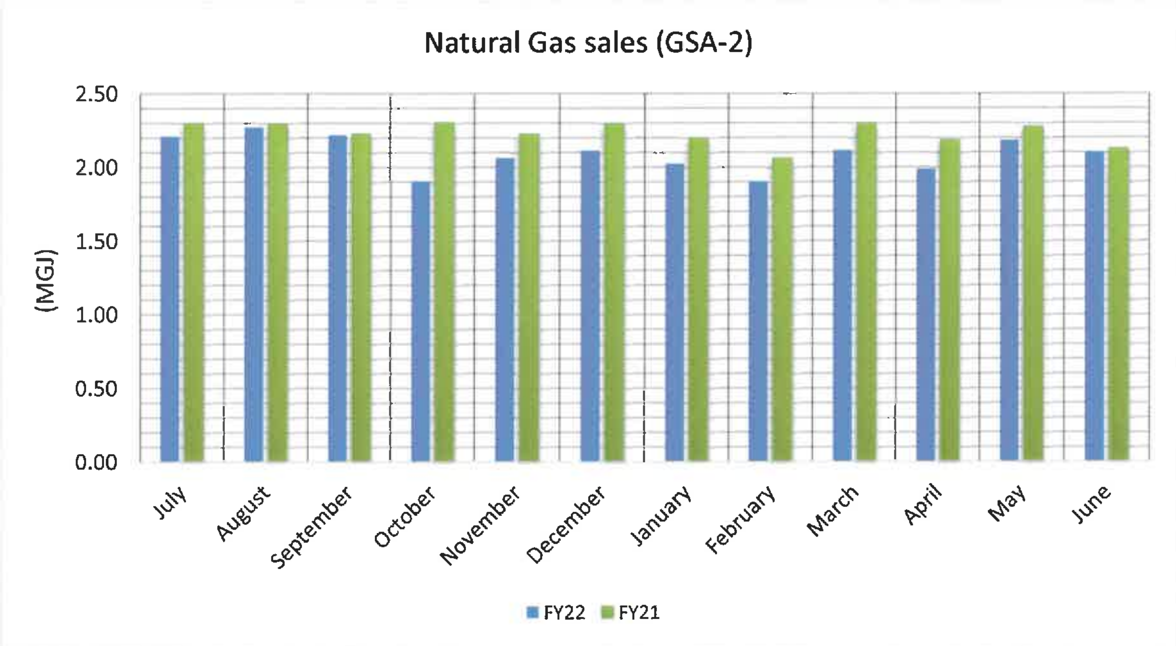
As we can see from the above table, total natural gas sales volumes for FY22 are 2.83% lower than sales volumes for the same period of FY21, due to the following reasons:

- Lower Gas Delivery versus nominations by Sasol Gas under GSA1&2. In the meantime, the CPF has experienced several operational issues on the key units as well as supply limitations from the fields due to well capacity constrains caused by MERIC Rig campaign restart which has been delayed, due to covid-19 restrictions, which also has contributed for lower total sales volumes and in some period of the year, the JO partners have experienced shortfall gas supply penalties.
- No gas has been nominated under GSA ENH-2mGJ under the reporting period, due to the fact that ENH Agreement remained suspended since September 2017, and this has negatively impacted the total natural gas sales.
- During the period under review, a routine maintenance was undertaken, to minimize trips on the plant and equipment aimed to reduce plant shutdowns. However, there were some trips and shutdowns, which did result in losses of production in the Central Processing Facility (CPF) as described further in section 2.4.2 (Plant operations).

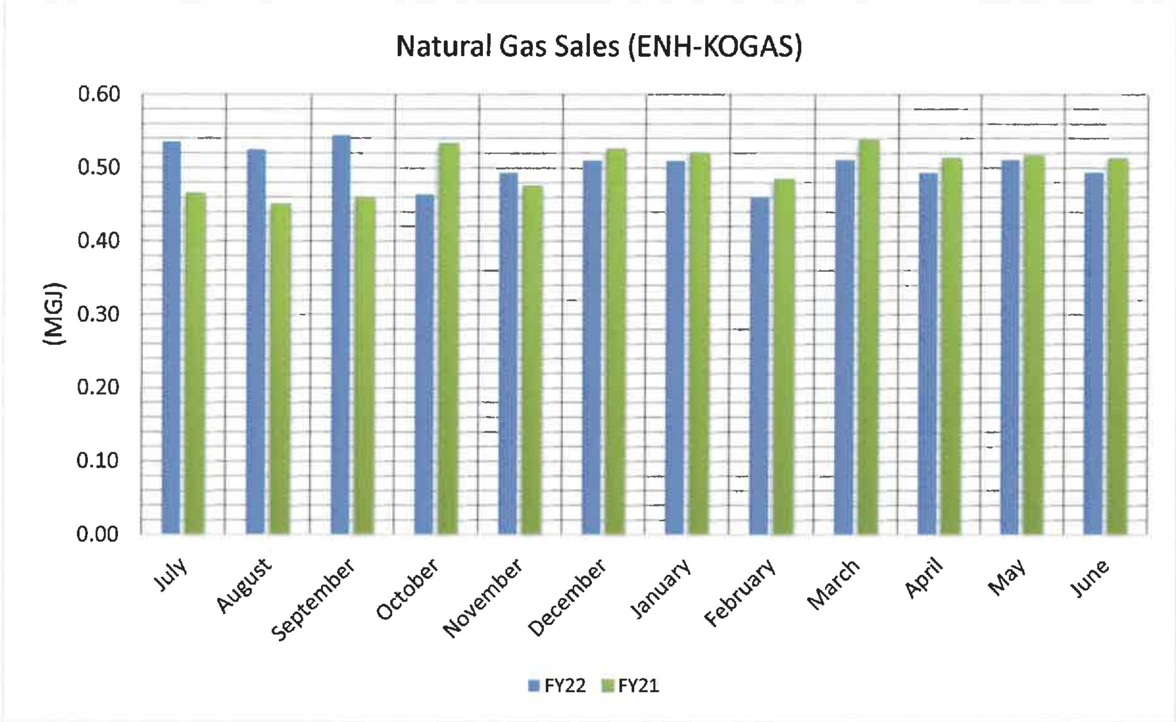
The following charts show gas production and price evolution for each contract, during the FY22 compared to the FY21 for both natural gas and condensate.



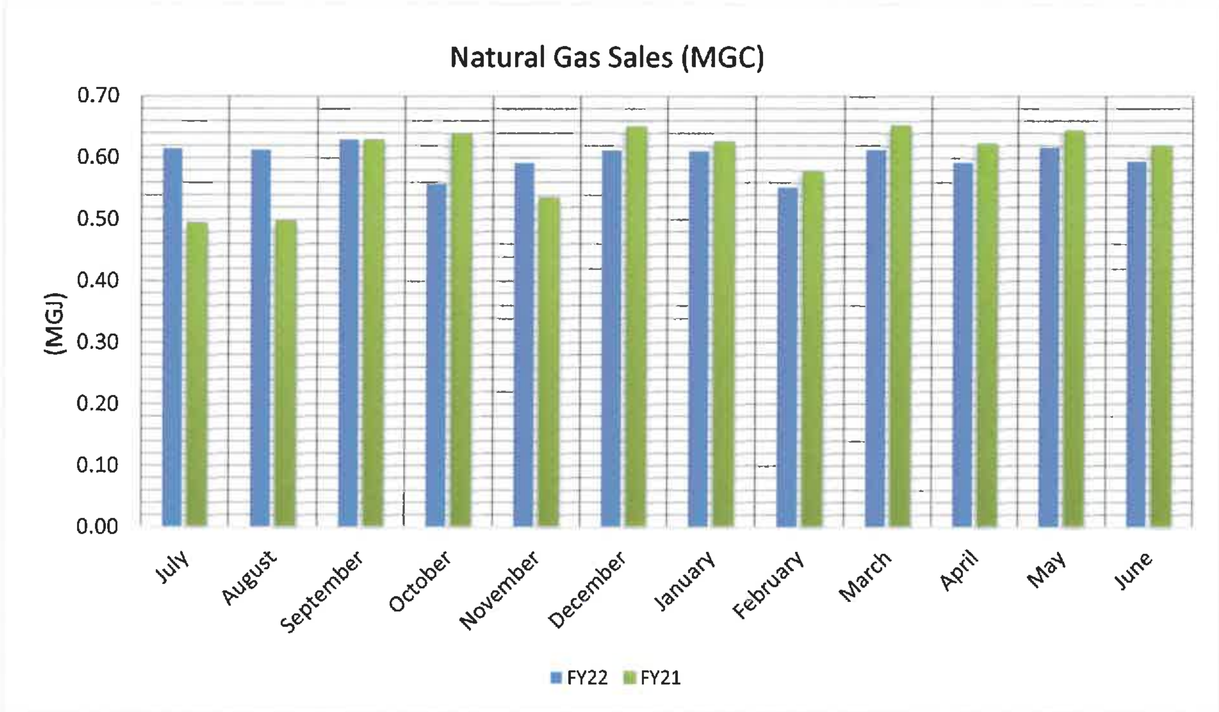
During the FY22, there were 2.70% lower gas sales volumes under the GSA1 than sales volumes for the same period of FY21, due to lower gas delivered to Sasol Gas under GSA1.



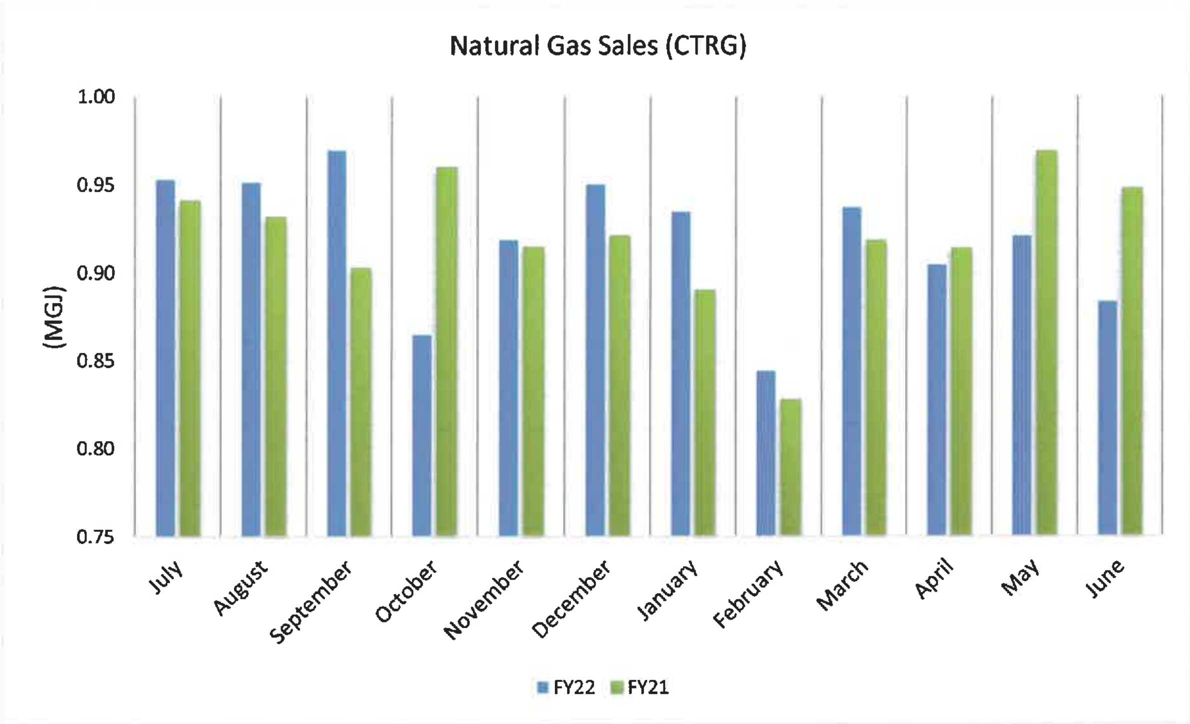
Gas sales volumes under GSA2 for FY22 were 6.29% lower than sales volumes for FY21, due to lower gas delivered to Sasol Gas under GSA 2.



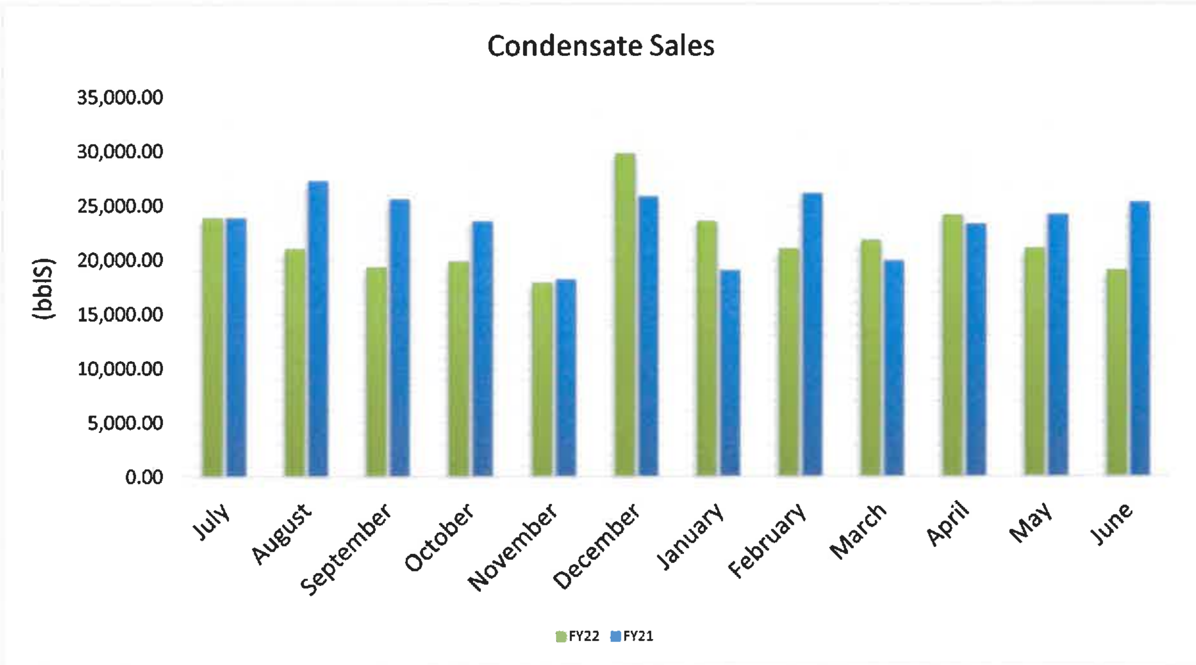
Gas sales volumes under ENH_KOGAS for FY22 were 0.98% higher than sales volumes for the same period of FY21, due to higher gas delivered over the reporting period.



Gas sales volumes under MGC for FY22 were 0.15% higher than sales volumes for the same period of FY21, due to higher gas delivered over the reporting period.



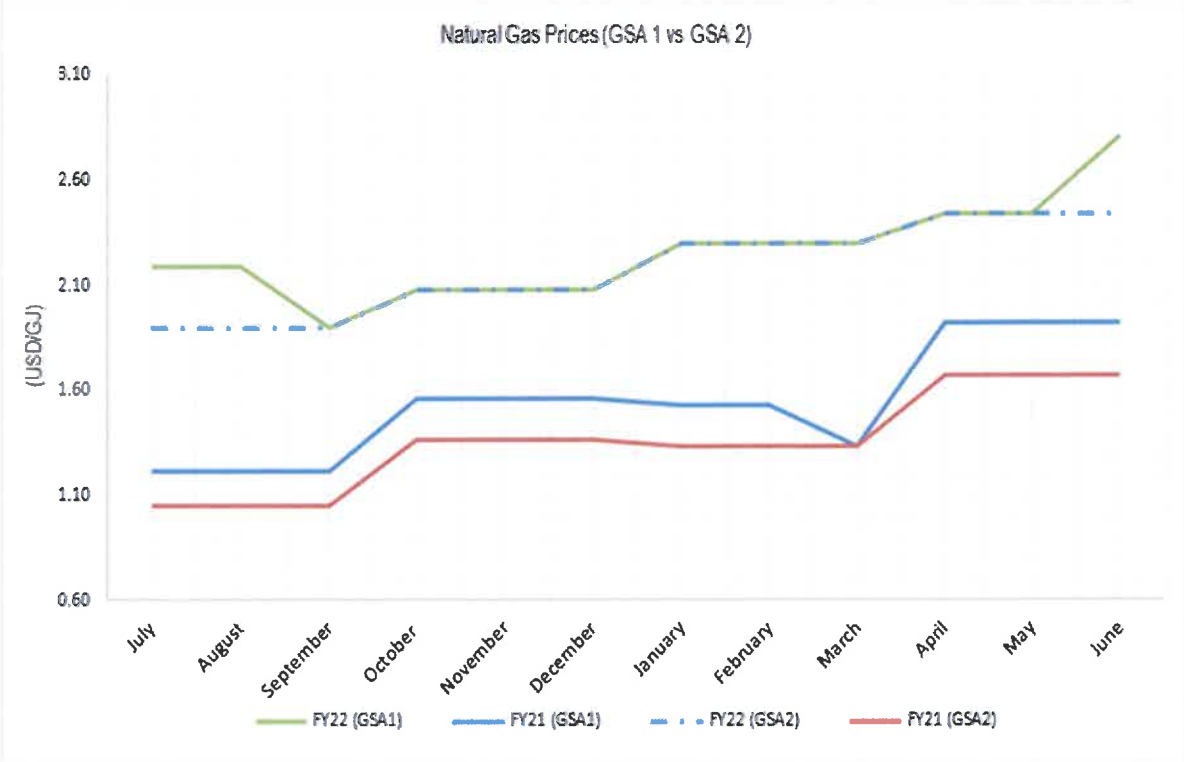
Gas sales volumes under CTRG for FY22 were in line with the sales volumes for FY21.8



Condensate sales volumes for FY22 were 7.02% lower than sales volumes for FY21 due to lower gas production, and the fact that most production came from Pande dry gas reservoir rather than Temane which has significant amount of liquids. In addition to that, the condensate gas ratio (CGR) has been dropping with time as the reservoir pressure drops as well as the changes in surface facilities through the installation of the different phases of low-pressure compression.

2.2.1 Natural Gas and Condensate Price

In overall, gas and condensate sales prices for the 12 months ended 30 June 2022 were higher compared to the previous year (FY21) due to the increase of oil prices in the international market.



- The weighted average gas price for GSA 1 (including excess gas) was USD 2.26 per GJ which is 46.75% higher than the previous year's gas price of USD 1,54 per GJ, due to positive variance on price drivers during the reporting period.
- The weighted average gas price for GSA2 was USD 2,18 per GJ which is 61.48% higher than the previous year's gas price of USD 1,35 per GJ, due to positive variance on price drivers during the reporting period.
- The weighted average gas price for ENH-KOGAS was USD 1,99 per GJ which is 3.65% higher than the previous year's gas price of USD 1,92 per GJ, due to positive variance on USA PPI.
- The weighted average gas price for the MGC was USD 2,18 per GJ which is 61.48% higher than the previous year's gas price of USD 1.35 per GJ, due to positive variance on price drivers during the reporting period.

- The weighted average gas price for CTRG in FY22 was USD 2,68 per GJ which is 3.88% higher than the previous year's gas price of USD 2,58 per GJ, due to positive variance 8on USA PPI.

- The weighted average netback price for Liquid Hydrocarbon Sales was USD 61,26 per bbl which is more than 100% higher than the previous year's condensate price of USD 23,97 per bbl for FY21, mainly due to increase of Brent price in the international market.

2.3 Royalty Tax

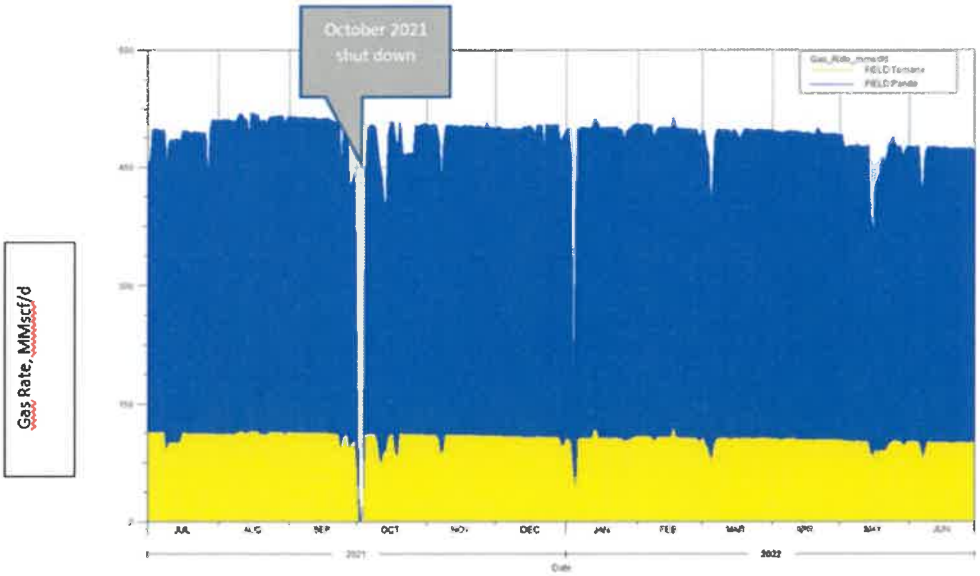
The royalty gas taken in kind by Matola Gas Company (MGC), Empresa Nacional de Hidrocarbonetos (ENH) and Kuvaninga from July 2021 to June 2022 was 4.95% lower than what was taken during the FY21. This was due to decrease in the domestic gas consumption under the reporting period.

2.4 Review of Operations

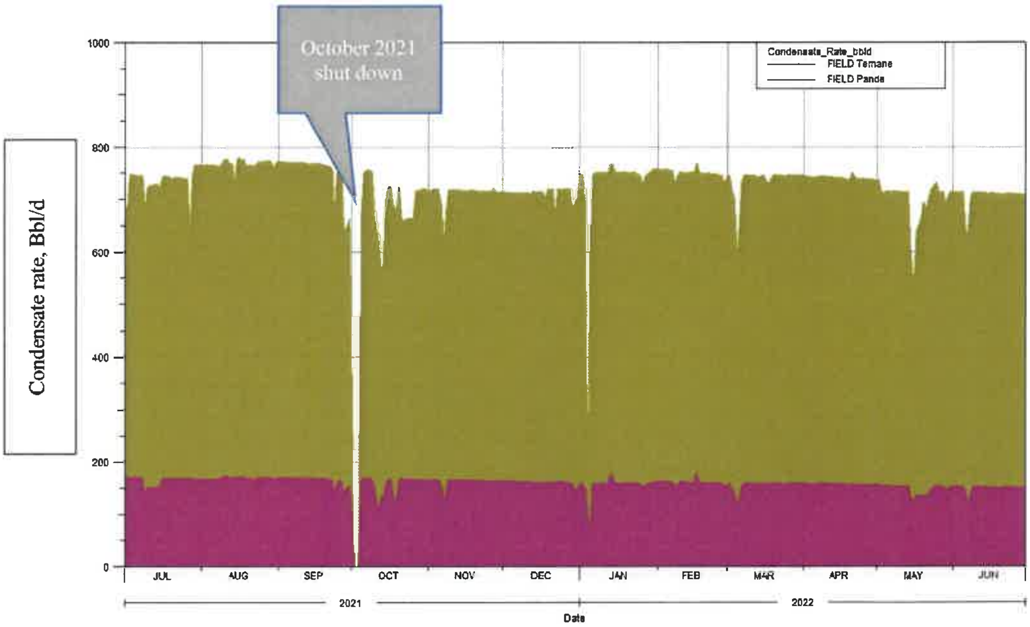
2.4.1 Operations on the Gas Field

Charts below visualize the average daily Gas and Condensate production profile for FY22

Pande G6 and Temane G9, average daily Gas Production rate from 1 July 2021 to 30 June 2022



Pande G6 and Temane G9, average daily condensate Production rate from 1 July 2021 to 30 June 2022



- Average raw gas production from the PPA assets in FY22 was 486 MMscf/d (Million standard cubic feet per day) which is 0.61% lower than the previous year (FY21). There was a decrease by 3 MMscf/d with an average contribution ratio of 22% and 78% for Temane and Pande fields, respectively.
- Total average condensate production in FY22 was 719 Bbl /d (Barrel per day) which is 7% lower than the previous year.

- Condensate production decreased by 51 Bbl/d compared to the same period of FY21, due to lower gas production, and the fact that condensate gas ratio (CGR) has been dropping with time as the reservoir pressure drops, as well as the changes in surface facilities through the installation of the different phases of low-pressure compression.
- As per the above charts, we can see that on 2nd and 3rd October 2021, there was no gas and condensate production, due to planned shutdown of the CPF that took place to conduct routine maintenance.

Reservoir surveillance and Production & field Performance

As mentioned in our previous reports, most of Pande and Temane wells are still experiencing integrity issues and there was a need to undertake drilling activities in this FY22 on some of the wells as stated below. Under reservoir surveillance activities and production & field performance, the following operation has been done, namely:

- Static Gradient survey (SGS) in some of the suspended wells (T-4, T-11, T-15, and AD-1.
- 5 wells were shut in and suspended for long term due to well integrity issues, low productivity, and water encroachment. 9 producer wells were producing under concession.
- Temane-4, risk assessment exercise on this well is being evaluated since third quarter of FY22 to assess the option to return production from T-4.
- Temane-15 well, has been conducted integrity test to evaluate the metal loss and thickness profile across the 5” tbg, 7” and 9 5/8” casing and a Multi-seal integrity survey (MSI) to evaluate any leaking across the wellbore.

As per the above mentioned, only 80% of PPA wells productions were online and 20% were shut-in during the period under review and this was the reason why the well delivery team has selected and recommended that some of the wells must be worked over and others to be Plugged & Abandoned.

Still under the reporting period, there was also work progress on the potential SHE (safety healthy environment) risks due to well integrity issues of 8 old PPA Exploration and appraisal wells from past operations that were not properly plugged and abandoned (P&A) by the operator during the drilling campaign in 2007 and are under JO responsibility as per the PPA agreement. The hot tapping result and the risk assessments for those wells concluded that 2 wells, Temane-2 and Pande-10 will require remediation (P&A) in FY23 and FY25.

Well Integrity Restoration Project (WIR) and Mozambique Exploration Remediation Infill Drilling Campaign (MERIC)

The aim of the Well Integrity Restoration project is to repair certain production wells via workover and to permanently plug and abandon (P&A) other production wells that cannot be worked over and safely restored to production while the MERIC campaign is to drill some infill wells in order to sustain production during the project field life.

The Summary of the operations under MERIC are as follows:

- Temane-9 and Temane-14, P&A operations have been completed after resume of the MERIC operations in the fields in August 2021.
- Pande19-workover operations have experienced several challenges on this well during its first intervention in August 2021, two Viking production parkers has failed to the pressure testing and the well was temporarily suspended in October with the workover operations scope partially completed. Viking packer failure investigation was completed but no root cause established. Therefore, the program has been revised and having selected a new Packer supplier (Weatherford). Due to challenges in the first operations, the budget for the End of Job (EOJ) of P-19 workover operations has increased from USD12.7MM to USD26.6MM. The workover operations have resumed on Pande-19 and has been completed in June 2022, and the production tubing was tested successfully but when the A-annulus was tested has failed. Due the above issue, has been planned to run a noise log to identify the leaks in the 9-5/8" casing and within the A-annulus in order to decide on a way forward.
- Temane-3 has been taken off for the workover list, after satisfactory pressure testing of the production tubing.
- Pande-15 has been put back online in December 2021 after conducted slickline operation successfully.

Other PPA MERIC project to improve recovery of existing gas reserves and assist in meeting the PPA Contractual obligations of the GSA's included a plan to drill 7 new infill-wells (Tranche- 1, tranche 2 and Tranche-3) as described below:

- **PPA Infills Tranche -1** - Consisted in drilling 2 new wells in Pande G6, whereby Pande 27 has been drilled already in 2018 and infill Y (Pande-28) has been drilled and tested successfully in February 2022, with the BO (Beneficial Operation) already achieved.
- **PPA Infills Tranche-2** - Consisted in drilling 3 new Lpads wells in Pande-G6 (Pande-29, P-30, and P-31), the wells have been drilled and tested successfully in June 2022. The drilling results on P-29, P-30 and P-31, were in line with expectations and the work progress is still ongoing as follow: to connect the main flowline to the wells and installation of instrumentation equipment and the BO is expected to be on 21st December 2022.
- **PPA Infills Tranche-3** - Consist in redrill two wells, T-9 & T-15 to replace the Plug and Abandonment (P&A) wells and increase well capacity and gas recovery within in the PPA.

2.4.2 Operations at the Central Processing Facility (CPF)

CPF operations were not stable throughout the period under review. The overall nominations were not met.

Over the reporting period the following events have occurred as follows:

- Unit 44 (TEG Dehydration unit), the heater temperature transmitter tripped due to higher temperature indication caused by malfunction of TEG pumps as a result of low contactor pressure. The maintenance team recalibrated the transmitter and the unit is back in operation.
- Unit 54 (Dew point correction) has been switched off due to compressor (KC5401) failure on start up. A troubleshooting was conducted, and the unit is back in operation.
- The Condensate stabilization unit have been switched off due to malfunction of the pump (PC-7101B). A troubleshooting has been conducted and it was identified that the pump was found leaking condensate due to internal damages. The maintenance team removed and repaired the pump, and the unit is back in operation.
- The plant has experienced communication failure which affected the Low pressure compressors units, Dehydration units, Pande-27 well and Gas Turbine Generator Unit D. The communication failure was caused by power loss in the Programmable Logic Controller (PLC) board located in the engineering room. The maintenance team did reset all the units and the units are back in operation.

- Unit 64 (High pressure compressor) has been experienced several trips on high discharge temperature and unit 61 tripped on high vibration. The maintenance team reset and restarted both units and there are back in operation.
- Unit 62 (High pressure Compressor) has been switched off due to continuous oil leak from the compressor shaft and power turbine. Investigations were conducted and further checks were conducted. The maintenance team replaced the engine; however, commissioning was delayed due to cracks identified during the inspections. The maintenance team completed the welding on cracks and the unit is back in operation.

Maintenance was carried out to minimize trips and production losses as stated below:

- There was an annual planned plant shutdown during the month of October, and it was successful executed without any safety incidents and during such period, were conducted some activities such as: Upgrade of the communication protocols (Delta-V) to improve interface between the plant and Distributed Control System (DCS) was completed, engine replacement on unit 32 was done as per OEM (Original Equipment Manufacturer) recommendation as well as engine replacement on unit 62.
- Though, the planned plant shutdown was conducted and completed with 20 hours delay due to several challenges occurred, mainly: there have been safe making and inspections challenges on the production separators (DM 2001 and DM 2002). In the same equipmen8t was noted that in both drums the drains were blocked with unknown products in form of sludge.
- On unit 69 (Daniel metering station) has been performed ISO (international organization for standardization) calibration and the activity was successful completed.

2.4.3 Sustainment and plateau extension Projects

2.4.3.1 Plateau Extension and Decline Optimisation Program (PEDOP)

The aim of PEDOP is to optimise gas recovery from the PPA reservoirs by applying technical solutions within the commercial and legal framework. The project plan is to recover additional gas quantities by allowing gas production to continue at reservoir pressures that are lower than the abandonment pressure attainable under the approved development plan and to enable plateau extension period and to meet the existing gas sales agreements.

Progress since last reporting period is as follow:

- The project is in its Select phase and targeting Gate 3 approvals in Q4 2022 calendar year.
- The option selection criteria have been completed and economic evaluation is in progress to evaluate options which could aid in the achievement of PEDOP objectives.

2.5 Safety, Health, and Environmental Matters

Overall good Safety, Health and Environmental (SH&E) performance report and implementation of Sasol SH&E related initiatives are being maintained.

No significant environment, safety and health incidents were recorded during the period under review.

All procedures 8and work instructions demonstrate initiatives aimed to achieve continuous improvement in environmental performance in line with the CPF's ISO 4001:2015 certified Environmental Management System.

Malaria incidence is increasing or decreasing in line with seasonal variation. There were 25 malaria cases during the reported period at the CPF clinic, from SPT employees and service providers. To mitigate this, the malaria vector control program is ongoing at the CPF site and the Nhamacunda Housing complex with indoor residual spraying, larvicide application on the lake and drains and fogging through the houses with a positive impact in decreasing the mosquito population.

During the reporting period were acquired 4600 Covid-19 vaccines of that quantity more than 1000 vaccines were donated to the Mozambique Government. Mass vaccination mainly focused Mozambique Sasol employees, service providers, contractors personal for MERIC, PSA and PPA Environmental Projects.

Covid vaccination administration statistics is as follow: 2356 total number of registered target people, 2345 number of 1st dose vaccination, 2303 number of 2nd dose vaccination and 7 have not been vaccinated yet. The 3rd dose has been given to 387 people during the reporting period.

Environmental Monitoring

The Environmental monitoring plans for this reporting period were impacted by the covid-19 restriction. The field work for the monitoring program happened during the period of under review is as follow:

I. Ground Water Monitoring

Took place in November 2021, for both surface and ground water samples were collected for a range of inorganic parameters and hydrocarbons content. In general results from the sampled points showed that the quality of the surface and ground water surrounding CPF are good. Variations on chloride and PH in some boreholes can be attributed to natural geological changes affecting aquifer. Low PH values from some sites will be monitored closely in the coming years and further assessment should be undertaken to determine other possible factors driving the deviations in PH values apart from natural ground phenomena causes.

There were no deviations observed in Petroleum related pollutants in both surface and ground water points.

II. Soil Monitoring

SGS Environmental was awarded a contract to perform soil monitoring within CPF perimeter fence as well as at surrounding communities. The samples were collected and sent to the laboratory in December 2021. The Final report was received and summarized as follow:

- Mercury, silver, cadmium, platinum, and ruthenium were not detected in the soils collected inside CPF
- Heavy metals levels in soil samples collected inside and outside the CPF were below the Dutch soil remediation intervention value.
- The soluble salts test for all sample points showed that there is low risk to soil salinity affect the growth of plants (electroconductivity is below 2,5 mmho/cm).
- Based on observations made on site the result of analysis showed that the activities on site are not impacting negatively on soil quality.

III. Noise monitoring

Consultec (Consultores Associados, Lda) was appointed to conduct the 2021 Environmental noise monitoring campaign at CPF. The noise survey took place in November 2021 at 20 survey locations located in CPF perimeter fence, partial protection zone and residential area surrounding the CPF.

The 2021 noise survey results concluded that:

At CPF Perimeter Fence the noise environment has a degree of acoustic disturbance but still complies with 70 Db (A) guideline level established by the IFC- World Bank for industrial area. The acoustic environment at these monitoring points has been influenced by noise emissions from compressors, generators, and flare stack. Since no community household exist at CPF fence, no noise negative effects were generated by the excess ambient noise levels measured at these points.

At the CPF partial protection zone, does suffer an acoustic influence from EDM Power Plant operations as this industrial facility is located in the vicinity of these sampling sites. No sensitive receptors were identified in the vicinity of this perimeter.

2.5.1 Pande 4 well remediation project

The aims of this project are to assess the appropriate remediation action for the Pande 4 which comprises in 3 components :

i. Surface soil, water, and gas monitoring.
ii. Subsurface monitoring; and
iii. Surface Containment.

i. Surface soil, water, and gas monitoring

As part of the Pande-4 remediation project, environmental monitoring has been continuously conducted with the aim to build a baseline of environmental data and understand the behaviour of gas, soil, water, ambient air, and Hydrocarbon trends over the time. The surface water, soil, and gas sampling monitoring take place in a 6-month basis. This activity was conducted in December by the firm Gondwana GPT (GGPT). In result of the field work the Status of Pande-4 are:

- Lower Explosive Limit (LEL) reading were conducted in crater area, all the points yielded LEL reading of zero percent, this means that no hazardous atmospheres were present at the monitoring points and hence no potential of ignition by heat or spark of any hydrocarbon existed in the air.

- Soil samples were collected in the previously identified positions at the Pande- 4 area surrounding the pond, the results of the soil sampling show slightly elevated concentrations of hydrocarbons vapour phase VOC ranging from 8.40 to 47,2 ppm in Pande -4.

ii. Subsurface monitoring

The additional subsurface monitoring program will assist Sasol in understanding the changing status of Pande-4 by monitoring the following: Surface deformation, hydrocarbon, saline water migration and pressure influx. Internal approval for execution of phase-1 (scope of the additional subsurface monitoring program) has been obtained and Ramboll firm was appointed for such execution of that monitoring program, Ramboll completed Phase 1A scope of work, as well as the interpretation report for satellite gas detection of gas over the Pande area. In total the data obtained covered a spatial extent of approximately 170 Km^2, the concentration of methane was mapped by optical imaging satellites, a methane plume was detected and delineated at the site, an emission source rate of 1350 Kg/hr was calculated, with an emission error source error of +- 45%. Analysis and interpretation of satellite imagery for this study has already yielded useful information to better contextualize existing site data and to begin to understand, site conditions for future remedial efforts. The Team is investigating the feasibility of installing a flow meter on the venting pipe at the P-4 site. The study found that there is a need also to conduct 2D seismic survey of high resolution around Pande-4 to gather more data to understand the dynamic of gas release and geology formation of the area so that options can be developed, and appropriate interventions can be implemented to minimize the gas emission and water release at Pande-4. The Pande 4 High resolution 2D total lines effort is 21,15 Km.

iii. Pande-4 containment facilities

Decision on the further development on the Containment facilities has been deferred to after the completion of the subsurface monitoring phase-1 scope.

For environmental monitoring update, contract was awarded to Gondwana GPT.

2.5.2 Audits

- During the reporting period, internal and external audits have been conducted against the safety, health, and environmental management system at the CPF, namely:
- The 2nd Party Audit was conducted from 13 to 17 September 2021, the main objective of the audit was to evaluate the progress, verify the compliance and effectiveness of measures arising from previous audits.
- The 3rd party SHE recertification audit took place in November 2021 by DQS firm, the main objective of the audit was to verify the full compliance with standards and other SHEQ (Safety, Health, Environment, and Quality) requirements based on the ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018. The main observation made is:
- The recyclable waste is being stored temporarily at the scrap yard, a scope of work has been approved and a new tender process was opened for recyclable waste.

2.6 Legal and Commercial Matters

During this financing year, the Amendment of the Liquid Hydrocarbon Sales Agreement to PETROMOC come into force, which extend the said agreement for one more year, for 1st July 2021 to 30th June 2022.

In December 2021, it was open a tender to select the off taker of the liquid hydrocarbon during the next two years, starting from 1st July 2022 until 30th June of 2024. PETROMOC was the selected bidder since presented the best discount to brent.

In relation to the GSA1&2 Amendment, the UJV Partners signed the 10th and 8th Amendment to the First and Second Gas Sales Agreement (GSA1&2) with SASOL, as well the Letter Agreement with the aim of recovering the costs incurred by the UJV Partners under the PIC project.

During the reported period, situations of short fall gas under the GSA1&2 were verified, having some of them evaluated as force majeure and the Buyer, Sasol Gas, was promptly notified. In addition, the Operator is evaluating whether the shortfall gas declared or not in the past, as well as the applicable penalties under the GSA1&2 were correctly evaluated. Sasol Gas will be notified of the outcomes of such a study.

Regarding the Buyer Security issued by Sasol Gas in 2018, with duration until the end of the Project, the UJV Partners and SASOL GAS amended the Buyer Security in favour of the Sellers regarding the GSA1&2 aiming to the extend the duration of the referred security until the end of the licence of the Project, with the purpose of eliminating ambiguity of the text of the security and align it with the GSA1&2, as well as eliminating/cutting the annual renewal.

During the reported period, the 2MGJ Gas Sales Agreement with ENH remained. However, on 1st August 2022 the 2MGJ/a GSA with resumed.

2.6.1. Material changes in legislation

Following the regulation process of Petroleum Facilities imposed by the Decree n° 84/2020 of 18th September, which establishes the rules and procedures for licensing of the construction, installation, modification, substitution, operation, and demobilization of petroleum facilities and revoking the Ministerial Diploma n° 272/2009 of 30th December, Sasol started a process of regularization of its facilities according to this law.

2.6.2. Litigation

During the reported period, the appeal to the Administrative Court by the Sand Miner against the Operator, requesting the suspension of the IGREME decision to temporarily stop the sand miner's activities. Still waiting for sentence.

The claim failed in the Judicial Court by the Sand Miner against the Operator, claiming compensation for direct and indirect damages. Still waiting for sentence.

In respect of the Operator's appeal in relation to the sentence of the Tribunal Fiscal da Cidade de Maputo invalidating the Tax Ruling Opinion issued by the Mozambique Tax Authority in favour of the Operator, the Administrative Court confirmed the position of the Tribunal Fiscal da Cidade de Maputo, which states that the Operator should, annually, pay the IPRA (Imposto Predial Autárquico).

Regarding the claim of the standby allowance payment that opposed the Operator and CPF employees, the Court Trial session took place. Waiting for the sentence.

During this period, 23 CPF employees were dismissed as a result of disciplinary proceedings, among them 3 employees filled an action at the Tribunal Judicial da Província de Inhambane objecting their dismissal. Presently, the process follows its legal procedure.

2.7 Corporate Social Responsibility

Social responsibility actions aimed at the communities of Pande and Temane are an integral and essential part of the Consortium's (UJV) commitment to sustainable development.

In this context, for the year ended 30 June 2022, the Consortium (UJV) invested a total amount of USD 7 534 632 in the implementation of the following social projects:

Inhassoro Water Supply System

The construction works of the second phase of the Inhassoro Water Supply System were completed and inaugurated by His Excellency the President of the Republic of Mozambique in March 2022, thus guaranteeing access to drinking water for more than 15,000 families in the District of Inhassoro and surroundings.

Emergency Support

The Consortium supported the rehabilitation of infrastructure damaged by tropical cyclones that affected Inhambane Province. In Govuro, the Chimunda and Govuro Health Centers were rehabilitated which included the construction of water holes; a small water supply system was built in Matasse, and the coverage of the local radio was expanded. In Inhassoro, 3 classrooms were rehabilitated at the Mananisse Primary School and the Nhapele Health Center.

School Desks

In the period, 200 desks were delivered to Escola Secundária 12 de Outubro in Beira and the production of another 600 desks is underway that will benefit schools in the Districts of Inhassoro and Govuro. This initiative is part of the program entitled "getting children off the ground" promoted by the Government of Mozambique.

Local Development Agreements

Regarding the LDAs (Local Development Agreements), during FY22, the following advances were made in accordance with the respective strategic areas:

• Water and Sanitation: the rehabilitation of 51 boreholes and 8 water supply systems in Inhassoro and Govuro was completed, as well as training and training of water committees and spare parts suppliers. One of the biggest challenges faced in terms of water supply is the issue of high8 salinity in some regions covered by the project, which is why a salinity study was carried out and concluded and the construction of a desalination system is under analysis.

• Economic Development: in the area of entrepreneurship, a total of 53 young people received training in entrepreneurship and 36 received vocational training in electricity and plumbing, as well as a job fair was held in the District of Govuro; in the area of development of the value chain, the construction of poultry houses was concluded and the implementation partner for the sale of chickens was selected, in relation to agriculture activities, a field was prepared for the production of pineapples and in terms of handcrafts, 25 members of the community have received training and are receiving assistance in finding a favourable market.

• Electricity: there was no significant progress, which is why a new implementing partner was selected to continue the project.

• Autonomous projects: the implementation of the physical component of the urban plan developed for the District of Govuro was completed.

• Small-scale projects: the 3 irrigation systems implemented in the communities of Chimajane, Nhacolo and Mudumane were completed, as well as the construction projects for a football field in Chacane and the market in Calonga.

• Baseline survey: The final version of the resulting monitoring and evaluation plan is awaited.

In parallel with the activities described above, the design and contracting processes of future projects related to the LDAs began during the year, namely: the Construction of the Primary School of Inhassoro, the Construction of the District Hospital of Inhassoro, the Construction of the Distri8ct Hospital of Govuro and the Construction of Community Centers.

Regarding projects from previous years, given the need for maintenance, funds were disbursed for the rehabilitation of the Magungumete Health Center in the District of Inhassoro and the requalification of the Football Field in Vila de Inhassoro. The works were completed within the year.

3. CMH Activities

3.1 Legal Activities

During the reported period, took place the semestral audit of CMH accounts aiming to reconcile CMH accounts with ENH accounts.

In relation to the annual assets inventory, CMH was invited by SPT, as Operator, to take part in the inventory count at the CPF, pursuant to JOA. Considering this, CMH's technical team attended the annual inventory on 15th June 2022.

Regarding the Mortgage on 25% of the CPF, CMH signed the Public Deed for the CPF mortgage release, once CMH had given it as collateral to finance the expansion of the Project.

3.1.1. Litigation

Relatively to judicial proceedings, two procedures were filed by a former employee that was dismissed, it follows its legal procedural.

3.2 CMH at Stock Exchange market

During this year, on the first semester there was a positive variation of CMH share price from 2 500, 00 to 3 650, 00 Meticais and on the second semester there was a negative variation of CMH share price from 3 650, 00 to 2 800, 00 Meticais. On 30 June 2022, CMH had 1 368 shareholders, comprising of 1 366 class C shareholders, one Class A shareholder (The State) and one class B shareholder (ENH).

3.3 Human Resources

During this fiscal year, CMH had a total of 25 employees (16 are male and 9 are female), of which 90% with higher degree education. During this period, CMH SA hired 4 employees.

At the ordinary general meeting held on 29 September 2021, two new members of the General Assembly were elected namely, Mr Manuel Pedro Mazuze for President and Maria Helena Uache for Secretary.

Tax and contributory obligations

There was full compliance with the payment of tax and contributory obligations within the legal limits (IRPS, INSS, IPA, Work Insurance, Complementary Social Security).

Health insurance

As from 1 July 2021, the medical aid to staff members is covered by health insurance scheme.

Regarding the implementation of measures to prevent COVID-19, in order to keep reducing the risk of spreading COVID-19 in the workplace, CMH still making efforts to combat and prevent this pandemic, disinfection is carried out weekly. The vaccination process against COVID-19 took place, where people were vaccinated.

Annual Training Plan

On the training plan for the fiscal year 2021/2022, were planned training activities, however some didn't take place due to the situation of the Covid 19 pandemic.

Internal Regulations

In the process of reviewing internal regulations and procedures, SRH prepared some proposals for various documents that are being analysed internally.

3.4 Corporate Social Responsibility

During 2022, CMH continues to invest autonomously in social projects in the communities. In the year ended 30 June 2022, the total amount of USD 327 656 was disbursed for the implementation of the following social projects:

Rehabilitation of Magunze Primary School

In the period, the construction works of the Magunze Primary School were completed and provisionally delivered to the local government in November 2022, starting the 12-month guarantee period. The works consisted of the construction of 10 classrooms, an administrative block, toilets, a photovoltaic water supply system and electrification, benefiting around 500 children.

Cabbage and Piri-Piri Cultivation Project

The works related to the cabbage and piri-piri cultivation project in the District of Marracuene in Maputo Province were concluded and provisionally delivered in November 2022, which consisted of the construction of a water hole, installation of an aerial tank and a submersible pump, assembly of an irrigation system, soil preparation, planting, and training, aiming to generate income for about 120 children sheltered by the Sonho Real Community Center.

Construction of the Water Supply System for the Village of Metangula

The construction works of the 1st phase of the water supply system in Metangula, which initially covered 5 districts, were completed, and handed over to the Municipal Council and the population is already benefiting from piped water. Additionally, CMH paid the costs of acquiring an electric power transformer and various electrical equipment necessary for the operation of the system, which will benefit approximately 10,000 residents.

V Phase of the Project for the Expansion of the Natural Gas Distribution Network in North of Inhambane

In FY22, the final report on the activities of the 5th phase of the natural gas distribution project north of Inhambane was submitted. The works which consisted of 3 stages, namely: construction of the network, assembly of internal structures and meters and configuration of meters and transformation of stoves. This project allowed a total of 450 families to have access to piped domestic natural gas in the districts of Vilanculos (230), Govuro (70) and Inhassoro (150) over an extension of around 30,000 meters of network and branches.

Disaster Response

In response to the emergency situation in Cabo Delgado Province since 2017 resulting from v8iolent extremism, CMH showed its solidarity through a monetary donation to the Executive Government of Cabo Delgado Province in the amount of 4,500,000.00 MT (Four Million and Five Hundred Thousand Meticais) to help implement the actions provided for in the Cabo Delgado Reconstruction Program (PRCD), specifically in the rehabilitation of school infrastructure.

Also in this context, CMH donated various office supplies to INGD – National Institute for Disaster Risk Management and Reduction.

Support for Sport

In the context of sport, CMH sponsored the National Meeting of Reflection on Sport promoted by INDE – National Institute of Sport, and acquired various sports material and equipment (balls, whistles, shoes, and complete equipment) to support the participation of around 60 students from Mateus Sansão Muthemba Secondary School in the handball championship in Maputo City.

Solidarity actions

On the occasion of Children's Day, CMH organized a lunch for around 100 children from the Polana Caniço A neighborhood and donated school supplies kits consisting of school bag, notebooks, pen, pencil, eraser, and sharpener.

Internal Social Responsibility

Internally, Mozambican Women's Day, Labour Day and Children's Day were celebrated. On the festive season, baskets and supermarket vouchers were distributed to employees and support staff.

Sponsorships

In terms of sponsorship, CMH financed the production of the television program on citizenship and democratic participation entitled *Casa do Povo*; paid for the publication costs of the book of Memoirs of Veterans of the National Liberation Struggle produced by the Cultural Heritage Archive (ARPAC); acquired several musical instruments for the Timbila & Mapiko Orquestra project and sponsored the 2022 edition of Ngoma Moçambique.

3.5 Holding company and ultimate holding entity

CMH is controlled by Empresa Nacional de Hidrocarbonetos, E.P (ENH) public company which holds 70% of the company's shares (Class B), the State of the Republic of Mozambique represented by Instituto de Gestão das Participações do Estado (IGEPE) which holds 20% of the shares (Class A) and the remaining 10% of the shares (Class C) are held by Mozambican private entities.

3.6 General Assembly

On 29 September 2021, the Ordinary General Assembly took place in which the following matters were approved:

- The Financial Statement for the year ended 30th June 2021.
- The distribution of 75% of profits and 25% of profit for accrue.

- The re-election of the Members of the Board of Directors and the Fiscal Council, the election of a new President of the Table of the General Assembly and a new Secretary of the Table of General Assembly, as well as the re-election of a Secretary of the Table of General Assembly.

3.7 Financial statements prepared in accordance with IFRS

Financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC), for the year ended 30 June 2022.

3.8 Financial and Economic ratios

Ratios	2022	2021
Liquidity Ratio		
Current Ratio	7.46	15.73
Return on Equity	16%	6%
Return on Assets	10%	4%

3.9 Short term investment

3.9.1 Off-shore Accounts

During this financial year, CMH continued to invest its financial reserves on short term fixed deposits in Standard Bank South Africa and reasonable interest were earned.

3.9.2 On-shore Accounts

In order to earn reasonable interest on the on-shore current accounts, CMH invested on short term fixed deposits.

3.10 Changes in accounting policies

There was no change in accounting policies during the year.

3.11 Dividends Paid and Declared

On 29 September 2021, an Ordinary General Assembly took place in which the CMH Shareholders approved the distribution of 75% the profits. CMH paid a total amount of USD 8 558 195 of dividends to its shareholders on 27 October 2021. These dividends were related to FY21.

Financial Year	Declared dividends			Dividends paid			Balance
	General Assembly date	% dividends on profit	Total declared dividends	Date of payment	Amount paid	Date of payment per FY	
FY06 - FY20			213,356,234		194,778,017	194,778,017	
FY21	29-Sep-20	75%	8,558,195	27-Out-20 and 13-Apr-21	18,578,217	18,578,217	
FY22				27-Oct-21	8,558,195	8,558,195	
Total			221,914,429		221,914,429	221,914,429	-

4. Subsequent Events

Subsequent to 30 June 2022 to the date of reporting, there are no significant events that have occurred which might need disclosure or adjustment in the financial statements. One of the gas sales agreement with ENH (2MGJ/a), which was suspended since 2017, resumed on 1st August 2022.

IV. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for the preparation and fair presentation of the financial statements of Companhia Moçambicana de Hidrocarbonetos, SA, comprising the Statement of Financial Position at 30 June 2022, and the Statements of Profit or Loss and Other Comprehensive Income, Changes in Equity and Cash Flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards. In addition, the Directors are responsible for preparing the Directors' report.

The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management. The Directors' responsibility also includes ensuring compliance with relevant laws and regulations of the Republic of Mozambique.

The Directors have made an assessment of the ability of the Company to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the International Financial Reporting Standards.

Approval of the financial statements

The financial statements of Companhia Moçambicana de Hidrocarbonetos, SA, as identified in the first paragraph, were approved by the board of Directors on 29 August 2022 and are signed on their behalf by:

Maputo, 29 August 2022

Arsénio Mabote
Chairman

KPMG Auditores e Consultores, SA
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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Companhia Moçambicana de Hidrocarbonetos, SA

Opinion

We have audited the financial statements of Companhia Moçambicana de Hidrocarbonetos, SA ("the Company"), set out on pages 40 to 86, which comprise the statement of financial position as at 30 June 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Companhia Moçambicana de Hidrocarbonetos, SA as at 30 June 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements applicable to performing audit of the financial statements in Mozambique and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of exploration and evaluation assets and the central processing facility

Refer to accounting policies notes 3.5 and 3.8, critical accounting estimates and judgements note 4 and note 11 property, plant and equipment to the financial statements.

The key audit matter

The Company's exploration and evaluation assets and central processing facility (CPF) constitute a significant portion of property, plant and equipment being USD 137 million of the total property, plant and equipment balance of USD 184 million.

Exploration and evaluation asset and central processing facility is required to be assessed for impairment indicators on an annual basis and due to the nature of the asset class, this involves a significant amount of judgement.

The impairment assessment was considered a key audit matter in the audit of the financial statements due to the inherent uncertainty, significant judgements, budgeting process, assumptions and estimates applied which include estimates of the remaining mineral reserves, oil and gas prices in the international market and future interest rates.

How the matter was addressed in our audit

The audit procedures we performed included the following:

- We evaluated management's analysis of the possible internal and external impairment indicators for reasonableness.
- We evaluated the design, implementation and operating effectiveness of internal controls applied by management to ensure that its impairment assessments were appropriately performed and reviewed.
- We used the work of management's internal and external mineral reserve estimates expert in assessing the remaining mineral reserves.
- We assessed the competence, objectivity and independence of the management's expert. We challenged assumptions made by management's experts and assessed the adequacy of the work performed, considering the extent of management's influence over them.
- We tested the reasonableness of oil and gas prices by comparing it to external independent sources. We also assessed the appropriateness of the discount rate applied in terms of the prevailing and future interest rates against independent sources.
- We compared previous budgets to actual results to assess the accuracy of the budgeting process. We also assessed the current year budgets and inputs for reasonability.
- We considered management's useful life estimate in view of the remaining mineral reserve estimates as determined by mineral reserve estimate specialists, annual production capacity and the approved operating licence of the Company.

We also considered the adequacy of the Company's disclosures in respect of the impairment assessments in the financial statements against the requirements of the applicable financial reporting standards.

KPMG

Site closure and rehabilitation provision

Refer to accounting policy note 3.7, critical accounting estimates and judgements note 4 and note 19 to the financial statements

The key audit matter	*How the matter was addressed in our audit*
The Company is required to rehabilitate the exploration site at the end of the project life as per the signed Petroleum Production Agreement. A provision is recognised, amounting to USD 71.5 million, in respect of the estimated costs to close and rehabilitate the site. The calculation of the provision requires management judgement in estimating future costs, given the unique nature of each site and the potential associated obligations. These calculations are discounted to determine the present value of the site rehabilitation costs. Restoration and rehabilitation of each site is relatively unique and there has been limited restoration and rehabilitation activity against which to benchmark estimates of future costs, and changes in local laws and regulations. Management's expected approach to restoration and rehabilitation could have a material impact on the amount of provision raised. The significant judgement involved in determining the provision resulted in this being a key audit matter, specifically related to the significant assumptions made which include the timing of the site rehabilitation, the inflation and discount rates applied in the determination of the present value of the site rehabilitation.	The audit procedures we performed included the following: • We evaluated the legal and/or constructive obligations with respect to the restoration and rehabilitation through review of the Petroleum Production Agreement and understanding of the law which governs the exploration of mineral resources. • We evaluated the design, implementation and operating effectiveness of internal controls applied by management to ensure that the provision is appropriately calculated and reviewed. • We used the work of management's internal and external experts in assessing the site closure and rehabilitation provision. We assessed the competence, objectivity and independence of management's experts. • We challenged assumptions made by management's experts and assessed the adequacy of the work performed, considering the extent of management influence over them and evaluating their professional qualifications and experience. • We evaluated the accuracy of future rehabilitation costs and the timing of the required costs through recalculation of management's net present value calculations. We also assessed the appropriateness of the discount rate and inflation rate applied by comparing to third party data and industry norms. • We checked mathematical accuracy of the net present value calculations. We also considered the adequacy of the Company's disclosures related to the site closure and rehabilitation provision in the financial statements in accordance with the applicable financial reporting standards.

Other Information

The directors are responsible for the other information. The other information comprises all of the information in the Annual Report and the Financial Statements, but does not include the financial statements and our auditors' report thereon.

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

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

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' 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.

KPMG, Registered Audit Firm, 04/SCA/OCAM/2014
Represented by:

Hem Chandra Joshi, 57/CA/OCAM/2014
Partner
1 September 2022

VI. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2022

(Amounts in USD)	Note	2022	2021
Revenue	6	98 513 195	65 392 787
Cost of sales	7	(38 580 445)	(39 777 650)
Gross profit		59 932 750	25 615 137
Administrative costs	7.1	(6 713 156)	(6 754 795)
Other income		47 827	37 025
		53 267 421	18 897 367
Net finance income/(costs)	8	801 940	(653 832)
Finance income		4 921 901	3 299 050
Finance cost		(4 119 961)	(3 952 882)
Profit before tax		54 069 361	18 243 535
Income tax expense	9	(16 781 312)	(6 426 277)
Profit for the year		**37 288 049**	**11 817 258**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit asset, net of tax	23(b)	(364 572)	(406 331)
Total comprehensive income		**36 923 477**	**11 410 927**
Earnings per share			
Basic earnings per share	10.1	6.28	1.99
Diluted earnings per share	10.1	6.28	1.99

VII. STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

(Amounts in USD)	Note	2022	2021
ASSETS			
Non-current assets			
Property, plant and equipment	11	184 103 614	168 530 472
Intangible assets	12	4 543 479	5 192 826
Net defined benefit assets	23	7 935	444 488
Non-current assets		188 655 028	174 167 786
Current assets			
Inventories	13	1 102 707	990 332
Trade and other receivables	14	16 533 154	10 264 787
Current income tax receivable	9.4	-	3 298 784
Cash and cash equivalents	15	154 556 309	132 215 938
Current assets		172 192 170	146 769 841
Total assets		**360 847 198**	**320 937 627**
EQUITY			
Share capital	16	25 286 649	25 286 649
Legal reserves	17	5 057 330	5 057 330
Investment reserve	18	14 296 822	14 296 822
Retained earnings		187 265 079	158 899 796
Total equity		**231 905 880**	**203 540 597**
LIABILITIES			
Non-current liabilities			
Provisions	19	67 266 699	62 764 546
Other payables	20	110 252	41 802
Deferred tax liability	9.3	41 335 090	45 261 002
Non-current liabilities		108 712 041	108 067 350
Current liabilities			
Provisions	19	4 272 873	3 012 287
Trade and other payables	20	8 766 072	6 292 346
Intercompany payable	21	431 193	25 047
Current income tax liability	9.4	6 759 139	-
Current liabilities		20 229 277	9 329 680
Total liabilities		**128 941 318**	**117 397 030**
Total equity and liabilities		**360 847 198**	**320 937 627**

VIII. STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

(Amount in USD)	Share capital	Legal Reserves	Investment Reserves	Retained earnings	Total Equity
Balance at 1 July 2020	**25 286 649**	**5 057 330**	**14 296 822**	**166 067 086**	**210 707 887**
Profit for the year	-	-	-	11 817 258	11 817 258
Other comprehensive income for the year	-	-	-	(406 331)	(406 331)
Transactions with owners of the company					
Dividends declared	-	-	-	(18 578 217)	(18 578 217)
Balance at 30 June 2021	**25 286 649**	**5 057 330**	**14 296 822**	**158 899 797**	**203 540 598**
Profit for the year	-	-	-	37 288 049	37 288 049
Other comprehensive income for the year	-	-	-	(364 572)	(364 572)
Transactions with owners of the company					
Dividends declared	-	-	-	(8 558 195)	(8 558 195)
Balance at 30 June 2022	**25 286 649**	**5 057 330**	**14 296 822**	**187 265 079**	**231 905 880**

IX. STATEMENT OF CASH FLOWS
For the year ended 30 June 2022

(Amounts in USD)	Note	2022	2021
Cash flows from operating activities			
Profit for the year		37 288 049	11 817 258
Adjustments for:			
Depreciation and amortisation	7	15 709 682	25 816 850
Unrealised foreign exchange differences		1 222 946	(407 099)
Interest income	8	(4 617 480)	(1 145 453)
Interest expense	8	1 894 692	1 748 493
Income tax expense	9	16 781 312	6 426 277
		68 279 201	44 256 326
Changes in:			
Intercompany payable		406 146	13 658
Trade and other receivables		(6 268 367)	(234 552)
Inventories		(112 375)	(59 197)
Employee benefits		71 981	381 776
Trade and other payables		2 542 176	1 702 795
Cash generated from operations		64 918 762	46 060 806
Income tax paid	9	(10 649 301)	(24 456 124)
Interest paid		-	(6 040)
Net cash generated from operating activities		54 269 461	21 598 642
Cash flows from investing activities			
Interest received	8	1 357 254	1 145 453
Acquisition of property, plant and equipment	11	(24 712 400)	(5 965 137)
Net cash used in investing activities		(23 355 146)	(4 819 684)
Cash flows from financing activities			
Dividends paid		(8 558 194)	(18 578 217)
Net cash used in financing activities		(8 558 194)	(18 578 217)
Net increase/(decrease) in cash and cash equivalents		22 356 121	(1 799 259)
Cash and cash equivalents at the beginning of the year		132 215 938	134 037 852
Effects of movements in exchange rate on cash held		(15 750)	(22 655)
Cash and cash equivalents at the end of the year	15	**154 556 309**	**132 215 938**

NOTES TO THE FINANCIAL STATEMENTS

1. Company background

Companhia Moçambicana de Hidrocarbonetos, SA ("CMH" or "Company") is a limited liability company, incorporated in Mozambique on 26 October 2000, controlled by its parent company Empresa Nacional de Hidrocarbonetos, EP (ENH), which owns 70% of the company's shares, with development of petroleum operations as its main activity.

The company was appointed by Empresa Nacional de Hidrocarbonetos, E.P (ENH) and the Government of Mozambique, along with Sasol Petroleum Temane, Lda. (SPT) to conduct petroleum operations in the petroleum production areas of Pande and Temane fields for a period of 30 years, under a Petroleum Production Agreement (PPA) signed in October 2000. CMH is also a party to the Joint Operating Agreement (JOA) signed with SPT in December 2002 covering the Pande and Temane field reservoirs. As the Company is only producing and selling gas and operates in an integrated way, the Company reports as one operating segment. All non-current assets are based in Mozambique and revenue is generated within Mozambique.

The participating share attributed to the Company in relation to the rights and obligations derived from the Petroleum Production Agreement and the Joint Operations Agreement was initially 30%, with the remaining 70% held by Sasol Petroleum Temane Lda (SPT). As such, CMH was entitled to acquire a 30% participation interest in the Pande and Temane Project as well as the Central Processing Facility (CPF). The project is currently operational with SPT as the designated operator.

A Farm-Out Agreement was signed in 2003 by the Company, to assign to International Finance Corporation (IFC) a 5% share in the Joint Operation Agreement which reduced the 30% held by the Company in the Pande and Temane natural gas project. Taking into consideration that all conditions from the contracts previously signed with Agence Française de Development (AFD), European Investment Bank (EIB), and Development Bank of Southern Africa were fulfilled, conditions were created to enable CMH to execute its right of participation in the Pande and Temane natural gas project. In April 2006, the following documents were signed:

i) The agreement of the 5% participation interest cession of the rights and obligations under the Petroleum Production Agreement, amongst the Government of the Republic of Mozambique, ENH, SPT, CMH, and IFC;

ii) The Novation agreement amongst SPT, CMH and IFC, whereby IFC assumes the participation interest including all rights and obligations relating to its participation interest and is obliged under the project agreements exonerating CMH from any responsibilities arising from the interests ceded;

iii) The cession and compromise agreement of 5% of the participation interest under the Gas Sales Agreement signed amongst Sasol Gas, SPT, CMH and IFC, as well as the deed made for the Performance Guarantee (annexed to the gas sales agreement signed between Sasol Gas and ENH); and

iv) The agreement of the 5% participation interest cession under the Joint Operations Agreement, between CMH and IFC.

These agreements became effective from April 2006, the date of financial closing, when the company made its contribution acquiring the 25% participation interest in the upstream component of the Pande and Temane project, in partnership with SPT (70%) and IFC (5%). Consequently, from 1 April 2006 CMH recognized its share of jointly controlled assets and liabilities and its share of income and expenses for which it is jointly responsible.

In April 2009, the government of Mozambique approved the amendment to the Development Plan, giving thus effect to the project expansion of the Pande and Temane Natural Gas Project. The expansion increased the CPF production capacity from 120 MGJ/annum to 183 MGJ/annum.

In 2015, the Government of Mozambique approved the second amendment to the Field Development Plan, thereby giving effect to the expansion of the Pande and Temane Natural Gas Project. The expansion increased the CPF's production capacity from 183 MGJ / year to 197MGJ / year, enabling the seller to provide the maximum contraction statistics under the Gas Sales Agreement (GSA1).

The registered address of the company is Av. Julius Nyerere, n° 4003, Bairro da Polana Caniço “A”. Maputo, Moçambique.

2. Basis of Preparation

2.1 Basis of accounting and compliance with IFRS

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) on historical cost basis, unless indicated otherwise. The transactions and the balances relating to the company´s share in the Joint Operations are based on the billing statements and information provided by the operator.

2.2 Functional and Presentation Currency

The financial statements are presented in US Dollars, which is the company's functional currency. All financial information presented in US Dollars has been rounded off to the nearest US Dollar.

2.3 New standards and interpretations not yet effective

At the date of authorization of the financial statements of the company for the year ended 30 June 2022, the following Standards and Interpretations are in issue but are not yet effective:

Effective for the financial year commencing 1 January 2023

- IFRS 17 Insurance Contracts
- Classification of liabilities as current or non-current (Amendments to IAS 1)
- Amendments to IFRS 17
- Definition of Accounting Estimates (Amendment to IAS 8)
- Disclosure Initiative: Accounting Policies (IAS 1 and IFRS Practice Statement 2 Amendment)
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (IAS 12 Amendment)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (IFRS 10 and IAS 28 Amendments)

All relevant Standards and Interpretations will be adopted at their effective date. Following is the summary of relevant standards and their expected financial impact on the company;

Classification of liabilities as current or non-current (Amendments to IAS 1)

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. There is limited guidance on how to determine whether a right has substance and the assessment may require management to exercise interpretive judgement. The existing requirement to ignore management's intentions or expectations for settling a liability when determining its classification is unchanged. The amendments are to be applied retrospectively from the effective date. No significant impact is expected in the financial statements of the company due to application of these amendments.

Definition of accounting estimates (Amendments to IAS 8)

Distinguishing between accounting policies and accounting estimates is important because changes in accounting policies are generally applied retrospectively, while changes in accounting estimates are applied prospectively.

The changes to IAS 8 focus entirely on accounting estimates and clarify the following:

- The definition of a change in accounting estimates is replaced with a definition of accounting estimates.
- Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".
- Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.
- The Board clarified that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change

in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

— A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods. The effects of changes in inputs and/or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged. The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments. No significant impact is expected in the financial statements of the company due to application of these amendments.

Disclosure Initiative: Accounting Policies **(Amendments to IAS 1 and IFRS Practice Statement 2)**

Making information in financial statements more relevant and less cluttered has been one of the key focus areas for the International Accounting Standards Board (the Board).

The Board has issued amendments to IAS 1 *Presentation of Financial Statements* and an update to IFRS Practice Statement 2 *Making Materiality Judgements* to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

— requiring companies to disclose their material accounting policies rather than their significant accounting policies;

— several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;

— clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed;

- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements;
- accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are consistent with the refined definition of material.

No significant impact is expected in the financial statements of the company due to application of these amendments. The amendments are effective from 1 January 2023 but may be applied earlier.

Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendment to IAS 12)

The amendment clarifies that the initial recognition exemption does not apply to transactions that give rise to equal and offsetting temporary differences such as leases and decommissioning obligations. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

No significant impact is expected in the financial statements of the company due to application of these amendments.

3. Summary of significant Accounting Policies

The accounting policies set out from 3.1 to 3.16 have been applied consistently to all periods presented in these financial statements.

3.1. Joint Operations

As mentioned in note 1, entity forms part of the joint operations with 25% interest. The operations in Pande and Temane fields were structured in the form of a Joint Operation (JO), whereby the Joint Operation is not registered as a separate company, but each party to the JO, under the Joint Operating Agreement, receives its respective share in the assets, liabilities, revenue and expenses from the operations.

3.2. Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that reporting date.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.
Foreign currency differences arising on retranslation are generally recognised in profit or loss as part of finance income or finance costs.

3.3. Financial Instruments

Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.
A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.
A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and measurement

The Company classified its financial assets as carried at amortized cost. Classification is performed in accordance with the business model determined based on the purpose of benefits from financial assets and expected cash flows. As per assessment the contractual cash flows are solely payments of principal and interest. Financial liabilities are classified at amortised cost.

Financial assets carried at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), whose payments are fixed or predetermined, which are not actively traded and which are not derivative instruments are measured at amortised cost. They are included in current assets, except for maturities more than 12 months after the statement of financial position date. Those with maturities more than 12 months are classified as non-current assets. The Company's financial assets carried at amortised cost comprise "trade receivables (resulting from transactions in scope of IFRS 15) and "cash and cash equivalents" in the financial statements. These assets are subsequently measured at amortised cost using the effective interest method. The gross carrying amount is reduced by ECL allowance. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss.

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. The Company has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost, since they do not comprise of any significant finance component. The expected credit loss (ECL) model, involves a three stage approach whereby financial assets move through the three stages as their credit quality changes.

It dictates how the Company measures impairment losses and applies the effective interest method. A simplified approach is permitted for financial assets that do not have a significant financing component (e.g. trade receivables). To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Derecognition

Financial assets

The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset

The company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized. Gains or losses on derecognition are recognised in profit or loss.

Financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred, or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the entity currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Share capital

Ordinary shares - Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

3.4. Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are initially recognized at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes all directly attributable expenditure incurred in the acquisition of the asset. The cost of acquired and self-constructed assets includes the costs of materials and direct labour, any other costs directly attributable in bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the net proceeds from disposal with the carrying amount of property, plant and equipment and are recognized within profit or loss.

The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Expenditure incurred to drill and equip development wells on proved properties is capitalised as mineral assets in property, plant and equipment on date of commissioning. Capitalised development expenditure is measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation of the assets used to explore and capitalised development expenditure inclusive of decommissioning costs is based on the units-of-production method, on a field-by-field basis, calculated using estimated proved developed oil and gas reserves. These reserves are yearend remaining reserves as per company's internal experts' report used for depreciation calculation retrospectively from the beginning of each financial year. For appropriateness of the reserves numbers company also consults external Expert's Report (the report of sales and reserves from experts engaged by operator of JOs).

Subsequent expenditure

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and the cost can be measured reliably. The carrying amount of the replaced part is derecognised. The cost of day to day servicing of property, plant and equipment is recognised in profit or loss as incurred.

Depreciation

Depreciation of the assets used to explore and capitalised development expenditure inclusive of decommissioning costs is based on the units-of-production method, on a field-by-field basis, calculated using estimated proved developed oil and gas reserves. These reserves are yearend remaining reserves as per company's internal experts' report used for depreciation calculation retrospectively from the beginning of each financial year. For appropriateness of the reserves numbers company also consults external Expert's Report (the report of sales and reserves from experts engaged by operator of JOs).

For other assets depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. Capital work in progress is not depreciated.

The estimated useful lives are as follows:

- Motor vehicles	4 - 5 years
- Equipment	4 – 10 years
- Buildings office	50 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

3.5. Exploration and evaluation assets

The successful efforts method is used to account for gas exploration and evaluation activities. Geological and geophysical costs, relating to dry exploratory wells and the costs of carrying and retaining undeveloped properties are recognised in profit or loss as incurred.

On completion of an exploratory well, the entity may have found oil and gas reserves. Those reserves are classified as proved when, upon analysis of geological and engineering data, it appears with reasonable certainty that these reserves could be recoverable in the future under existing economic and operating conditions.

The cost of exploratory wells through which potential proved oil and gas reserves were discovered is capitalised as exploration and evaluation asset. These costs remain capitalised, pending the determination of whether proved oil and gas reserves have been found, as long as the following conditions have been met: (i) sufficient oil and gas reserves exist to justify the capital expenditure required for completion of the well as a producing well; (ii) drilling of additional exploratory wells is under way or firmly planned for the near future; and (iii) sufficient progress is being made in assessing the oil and gas reserves and the economic or operating viability of developing the property.

If the above conditions are not met or if information is obtained that raises doubt about the economic or operating viability of the project the costs are charged to profit or loss. Progress in this regard is reassessed at least annually to ensure sufficient justification for carrying such exploration and evaluation expenditure as an asset. Where the recoverable amount of the exploration and evaluation asset is determined to be less than the carrying amount, an impairment loss is recognized. Exploration and evaluation assets are measured using cost model, subsequent to initial recognition.

Development phase is the phase in which the technical feasibility and commercial viability of extracting a reserve is demonstrated and identified reserve is prepared for production activities. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete the development and use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Borrowing costs related to the development of qualifying assets are capitalised to the cost of the qualifying asset. Other development expenditure is recognised in profit or loss as incurred.

Expenditure incurred to drill and equip development wells on proved proprieties is capitalised as mineral assets in property, plant and equipment on date of commissioning.

Capitalised development expenditure is measured at cost less accumulated depreciation and accumulated impairment losses.

3.6. Intangible Assets

Intangible assets are initially recognized at cost and subsequently stated at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are recognised if it is probable that economic benefits will flow to the company from the assets and the costs of the assets can be reliably measured. Company reviews the amortisation method, period and carrying amounts of the intangible assets at each reporting date. Intangible assets consist solely of concession rights to explore and produce gas in the Pande and Temane fields, under a Petroleum Production Agreement signed in October 2000 which will expire in 2034. These intangible assets are amortised on a straight line basis till the year 2029.

Subsequent Expenditure

Subsequent expenditure is capitalized only when increase in the future economic benefits embodied in the specific asset to which it is related are probable. All other expenditure is recognized in profit or loss as incurred.

3.7. Provisions

Provisions for environmental restoration and legal claims are recognized when: the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognized for future operating losses. The provision for site rehabilitation is recognized as and when the environmental liability arises.

Where a closure and environmental obligation arises from mine development activities, the costs are capitalized as part of the cost of the associated asset. When this same obligation arises from mine production activities, the costs are expensed. Provisions are determined by discounting expected cash flows at a pre-tax rate reflecting current market rates and risks specific to the liability. Changes to provisions that were capitalized on initial recognition in the cost of the related asset are added to or deducted from the carrying amount of the asset.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. The increase in the provisions due to passage of time is recognized as interest expense.

3.8. Impairment of Assets

The Company recognises allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost.

The company calculates life time expected credit losses for all trade receivables without a significant financing component. For all other financial assets measured at amortised costs, the entity uses the general approach to determine expected credit losses and assessed whether the increase in credit risk from initial recognition is significant or not.

When determining whether credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantities and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the risk on a financial asset has increased significantly if is more than 30 days past due.

Definition of default;

The Company considers a financial asset to be default when:

- the borrowers is unlikely to pay its credit obligations to the Company in full, without recourse by the Company actions such as realising (if any is held);
- the finance asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECL

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial assets is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Non-financial assets

The carrying amounts of the Company's assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognized in the profit or loss.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Company classifies exploration and evaluation asset and CPF as one Cash Generating Unit (CGU).

The recoverable amount of an asset is the greater of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

3.9. Income Tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that the tax arises from a transaction or event which is recognised, in the same period or a different period, outside profit or loss, either in other comprehensive income or directly in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which it can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.10. Employee Benefits

The cost of all short-term employee benefits, such as salaries, employee entitlements to leave pay, bonuses, medical aid and other contributions, are recognised during the period in which the employee renders the related service. The Company recognises the expected cost of bonuses only when the Company has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Contributions are made to the Instituto Nacional de Segurança Social (INSS), the national social security plan, a defined contribution plan, which all Mozambican companies, are obliged, by law, to make the contributions which are based on a percentage of salaries and are recorded as expenses in the period in which they are incurred.

Defined benefit Plan

Defined benefit fund was created in 2016. The company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income (OCI). The company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

Short term benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short term bonus if the company has a present legal or constructive obligation to pay the amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.11. Inventories

Inventories are measured at the lower of cost and net realisable value. Cost includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Cost of natural gas liquids is determined using first in first out valuation method (FIFO) while cost for process, maintenance and other materials is determined using the weighted average cost price.

Net realizable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

3.12. Revenue Recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue at point in time when it delivers the goods and delivery is acknowledged by the customer. In view of the contracts of the company there are no performance obligations which are met over time.

Revenue is the amount of consideration to which the company expects to be entitled to in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. Revenue is recognised net of royalties paid to the government, returns, indirect taxes, trade discounts and volume rebates. In the production and sale of gas, transfer of ownership occurs when the gas is physically transferred into the inlet of the pipeline and liquids at the loading bay in the CPF.

Revenue is presented net of royalties. Royalties are imposed on petroleum produced in the Mozambican territory, from a petroleum deposit. The tax base for royalties is the value of the produced petroleum, including the quantities of petroleum lost as a result of any deficiency in the petroleum operations or negligence. Royalties are levied at 5% of the value of natural gas, condensate produced or extracted and sold, less the cost of transportation, gathering and processing. The company pays royalty through the operator according to the JOA.

3.13. Operating costs

Operating costs include personnel expenses, depreciation, amortisation, general supplies and services. Operating costs are recorded in the period these costs relate to. These costs relate to the operating activities of the joint operations.

3.14. Dividends

CMH shall pay dividends according to the Dividend Policy in which establishes that the aggregate distribution shall be 50% of the net profit.

Dividends are recognized on declaration, when the rights have been established. Accordingly, the company considers the amount of paid dividends as approved by the shareholders to be deducted from retained earnings.

3.15. Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Finance costs comprise interest expense on borrowings and unwinding of the discount on provisions. Net foreign exchange gains or losses are also included as either finance income or costs.

3.16. Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares.

4. Critical accounting estimates and judgements

The preparation of financial statements in accordance with International Financial Reporting Standards requires the management team to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates as significant judgements and assumptions are involved in assessing the remaining mineral reserves, oil and gas prices in the international market, future interest rates and the basis of the budgeting process and estimates of future costs for different rehabilitation projects in view of relevant obligations. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Significant judgements are involved;

- in the measurement of the useful lives of the property, plant and equipment (while estimating the mineral reserves) and in the assessment of the impairment property, plant and equipment,
- in estimating the funds requirements for the site restoration obligation.

Detailed information about these judgements and application of the accounting policies that have the most significant effect on the amounts recognised in the financial statements is mentioned in the following notes:

Note 11 – Measurement of property, plant and equipment: key assumptions about the pattern of consumption of economic benefits embodied in assets.

Note 19 – Recognition and measurement of provision for closure and environmental rehabilitation: key assumptions about the likelihood and magnitude of an outflow of resources.

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. The regulating entity reviews unobservable data and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair value is categorized 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).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

5. Changes in accounting policies

There was no change in the accounting policies during the year.

6. Revenue

	2022 USD	2021 USD
Natural Gas	94 705 415	63 790 677
Condensate	3 807 780	1 602 110
	98 513 195	65 392 787

7. Cost of sales

	Note	2022 USD	2021 USD
Salary and related costs (a)		2 049 559	2 056 666
Contribution to INSS		63 028	55 900
Operating costs JO (b)		20 758 176	11 848 234
Depreciation and amortisation expense (c)	11 & 12	15 709 682	25 816 850
		38 580 445	39 777 650

(a) This relates to the company's share from the employee related costs relating to the gas field and CPF.
(b) This relates to the company's share from the operational costs incurred on the joint operations by operator. The amount includes engineering costs, maintenance costs, and routine expenses in the gas field and CPF.
(c) The depreciation is calculated on the basis of estimated reserves in hand. As at 30 June 2022 joint operations possess 924.70 Bscf (billion standard cubic feet) of gas. The decrease in the depreciation charge for the year is due to increase in the reserves, resulted from additional drilling and implementation of the compression projects.

7.1 Administrative costs

	2022 USD	2021 USD
Supplies and services	2 319 089	1 474 767
Audit fee	67 474	33 492
Consultancy fee	834 873	723 260
Social development program	649 136	660 123
Other expenses (a)	767 606	57 892
Personnel expenses	4 394 067	5 280 028
Employee remuneration	3 383 102	3 872 853
Directors' remuneration	512 721	621 137
Social security	115 315	90 987
Training	94 584	15 941
Complementary Social Security	288 345	679 110
	6 713 156	6 754 795

(a) Other expenses include, communication, office supplies, maintenance and repairs of non-production assets.

8. Net finance income/(cost)

	Note	2022 USD	2021 USD
Finance income		4 921 901	3 299 050
Interest income		4 617 480	1 145 453
Foreign exchange gains		304 421	2 153 597
Finance cost		(4 119 961)	(3 952 882)
Notional interest on unwinding of environmental provisions	19	(1 894 692)	(1 748 493)
Foreign exchange losses		(2 214 452)	(2 198 350)
Bank charges		(7 817)	(6 039)
Net finance income/(cost)		801 940	(653 832)

Interest income relates to the fixed term deposit kept with banks in on shore and off shore accounts. This year more funds were kept in the fixed deposit accounts which resulted in higher interest income.

9. Income Tax

9.1 Amounts recognised in profit or loss

	2022 USD	2021 USD
Current tax expense		
Current year	20 707 224	13 079 677
Deferred tax expense		
Origination and reversal of temporary differences [1]	(3 925 912)	(6 653 400)
	16 781 312	6 426 277

9.2 Reconciliation of effective tax rate

		2022		2021
Profit before tax		54 069 361		18 243 535
Tax using the company's tax rate	32%	17 302 196	32%	5 837 931
Expenses not deductible (9.2a)	0.84%	456 241	0.35%	65 099
Depreciation not deductible (9.2b)	(1.84%)	(977 125)	2.86%	523 247
	31.0%	16 781 312	35.21%	6 426 277

As per audited financial statements for the year ended 30 June 2021, the reconciliation of effective tax rate erroneously mentioned the effective tax rate as 71% which has been correctly reported as 35.21% in the comparatives of the current year's audited financial statements. Wrong rate of 71% was calculated due to error whereby only the current income tax expense was considered in the reconciliation and not the total income tax expense.

(9.2a) It relates to light passenger vehicle costs, local body charges and legal costs and unrealized exchange differences.
(9.2b) The depreciation relates to the assets which are not tax deductible in accordance with the fiscal law.

9.3 Deferred tax liability

2022	Net Balance 30 June 2022	Recognised in profit or loss	Net Balance 30 June 2021
Property, plant and equipment	40 390 351	(3 090 287)	43 480 638
Intangible assets	1 453 913	(207 702)	1 661 615
Unrealised exchange gains	(509 174)	(627 923)	118 749
	41 335 090	(3 925 912)	45 261 002

2021	Net Balance 30 June 2021	Recognised in profit or loss	Net Balance 30 June 2020
Property, plant and equipment	43 480 638	(6 038 599)	49 519 237

[1] The variance refers to the temporary differences at the Property, plant and equipment, Unrealized exchange gains and losses and Concession rights.

Intangible assets	1 661 615	(207 702)	1 869 317
Unrealised exchange gains	118 749	(407 099)	525 848
	45 261 002	(6 653 400)	51 914 402

9.4 Income tax (receivable)/payable

Opening balance	(3 298 784)	8 077 663
Payments during the year	(10 649 301)	(24 456 124)
Current tax expense	20 707 224	13 079 677
Closing balance	6 759 139	(3 298 784)

The tax authorities in Mozambique do not confirm the acceptance of tax returns submitted to them. These remain open and may be subjected to review and adjustment for a period of 5 years. The directors are of the opinion that no significant adjustments or penalties will result in respect of open years if these were subject to review by the tax authorities. In the note 9.4, the final balance payable of USD 6 759 139 is arrived after adjustment of the tax receivable amount of USD 3 298 784 whose refund was requested from the tax authorities.

10. Earnings and dividend per share

10.1 Earnings per share

The basic earnings per share were calculated based on the profit after tax of USD 37 288 049 (June 2021: USD 11 817 258) divided by the average number of shares outstanding of 5 934 115 (June 2021: 5 934 115).

The diluted earnings per share figures are equal to the basic earnings per share figures as the company did not have dilutive financial instruments at the reporting date.
There was no change in the number of shares during the year. The earning per share amounted to USD 6.28 (2021: USD 1.99).

10.2 Dividend per share

The dividend per share amounted to USD 1.44 (2021: USD 3.13).

11. Property, plant and equipment

	Building - office	Motor vehicles and equipment	Exploration and evaluation assets and CPF	Capital work in progress	Total
	USD	USD	USD	USD	USD
Cost					
Balance at 1 July 2020	2 024 101	951 479	336 255 235	34 885 271	374 116 086
Additions	-	279 091	61 017	5 625 029	5 965 137
Adjustment in site closure and rehabilitation cost	-	-	(14 765 957)	-	(14 765 957)
Disposal	-	221 119	(442 237)	160 308	(60 810)
Balance at 30 June 2021	2 024 101	1 451 689	321 108 058	40 670 608	365 254 456
Balance at 1 July 2021	2 024 101	1 451 689	321 108 058	40 670 608	365 254 456
Additions	-	344 911	397 663	23 969 826	24 712 400
Adjustment in site closure and rehabilitation cost (a)	-	-	5 921 077	-	5 921 077
Disposal/transfer	-	(374 020)	(31 822 988)	-	(32 197 008)
Transfer	9 108	(9 108)	19 587 444	(19 587 444)	-
Balance at 30 June 2022	2 033 209	1 413 472	315 191 254	45 052 990	363 690 925
Accumulated depreciation					
Balance at 1 July 2020	364 460	701 181	170 552 059	-	171 617 700
Charge for the year	40 664	379 177	24 747 253	-	25 167 144
Disposal	-	(60 810)	-	-	(60 810)
Balance at 30 June 2021	405 124	1 019 548	195 299 312	-	196 723 984
Balance at 1 July 2021	405 124	1 019 548	195 299 312	-	196 723 984
Charge for the year	40 664	348 993	14 670 678	-	15 060 335
Disposal	-	(374 020)	(31 822 988)	-	(32 197 008)
Balance at 30 June 2022	445 788	994 521	178 147 002	-	179 587 311
Carrying amounts					
At 1 July 2020	1 659 641	250 298	165 703 176	34 885 271	202 498 386
At 30 June 2021	1 618 977	432 141	125 808 746	40 670 608	168 530 472
At 30 June 2022	1 587 421	418 951	137 044 252	45 052 990	184 103 614

(a) This represents a increase in the estimate for the site closure and rehabilitation costs.

11. Property, plant and equipment (continued)

The increase and decrease in the site restoration and rehabilitation asset is a non cash item hence not considered in the cash flows from investing activities, in the statement of cash flows. Exploration and Evaluation Assets and CPF comprises 25% of the JO capital expenditure namely: cost of exploratory well, cost for completion of the wells as producing wells, cost of drilling of additional exploratory wells, cost of development of qualifying assets as well as the Central Processing Facility Plant.

Significant assumptions are involved while performing the impairment assessment of the exploration and evaluation asset and CPF, including;

- the remaining mineral reserves;
- oil and gas prices in the international market;
- future interest rates; and
- basis of the budgeting process

The adjustment in the site closure and rehabilitation cost represents the decrease in the estimated cost due to changes in discount rates and a change in the gross estimate of the rehabilitation liability.

12. Intangible assets

	Concession Rights USD
Cost	
At 1 July 2020	19 234 335
Additions	-
At 30 June 2021	19 234 335
At 1 July 2021	19 234 335
Additions	-
At 30 June 2022	19 234 335
Accumulated amortisation	
At 1 July 2020	13 391 773
Charge for the year	649 736
At 30 June 2021	14 041 509
At 1 July 2021	14 041 509
Charge for the year	649 347
At 30 June 2022	14 690 856
Carrying amounts	
At 1 July 2020	5 842 562
At 30 June 2021	5 192 826
At 30 June 2022	4 543 479

Intangible assets consist of licence fee/costs passed on from parent company ENH, for the gas project (Pande and Temane fields). Initially the concessionary rights were in the name of ENH which were transferred to CMH on its incorporation and these costs are being amortised over the life of the concession.

13. Inventories

	2022 USD	2021 USD
Maintenance materials	1 102 707	990 332
	1 102 707	990 332

14. Trade and other receivables

	2022 USD	2021 USD
Interest in current assets of the Joint Operations	10 766 893	8 635 471
Trade receivables (Note 26.2)	10 766 893	8 635 471
Other receivables	5 766 261	1 629 316
Value added tax	900 989	685 444
Prepayments	735 693	378 489
Interest receivable	3 260 226	-
Advances	303 970	-
Tax reimbursement	565 383	565 383
	16 533 154	10 264 787

15. Cash and cash equivalents

	2022 USD	2021 USD
Cash on hand	606	430
Cash at bank	154 555 703	132 215 508
CMH Onshore Accounts (i)	755 974	16 038 688
Proceeds Account (ii)	15 270 852	57 778 035
Capex Reserve Account (iii)	1 490	58 371 398
Off-Shore Operating Account (iv)	24 898	24 898
Debt Service Reserve Account (v)	2 489	2 489
Fixed rate deposits – Onshore Accounts (vi)	125 500 000	-
Fixed rate deposits – Off shore USD Accounts (vi)	13 000 000	-
	154 556 309	132 215 938

The payment mechanism and priority of payment are the following:

i. The CMH onshore Accounts (Meticais and US Dollars) – All revenue related cash distributions are received in these accounts and all cash calls in Meticais are paid in through this account. The CMH administrative costs are paid through this account. The remaining balance, if any, is invested in fixed term deposits. During the year company moved the amounts from off shore accounts to on shore accounts that resulted in significant increase in balance.

ii. The Proceeds Account – All revenues received in USD are deposited in this account and cash calls in USD are paid in through this account. During the year company moved the amounts from off shore accounts to on shore accounts that resulted in significant decrease in balance.

iii. The Capex Reserve Account – The balance from this account was transferred to the

CMH onshore accounts. During the year company moved the amounts from off shore accounts to on shore accounts that resulted in significant decrease in balance.

iv. The Offshore Operating Account – This account was used for settling dues and payables against project operating costs (denominated in American Dollars) and CMH's administrative costs which are payable outside of Mozambique.

v. The Debt Service Reserve Account – The balance from this account was transferred to the CMH onshore Accounts.

vi. Fixed rate deposits - CMH invests its surplus balances into the fixed rate deposits with the banks to earn interest. These are considered as cash and cash equivalents due to short term nature. These deposits bear fixed interest rates ranging from 12-17% for MT based deposits, and 0.8% to 3% for USD based deposits.

16. Share capital

	%	2022 USD	%	2021 USD
4 153 880 authorised and issued ordinary shares owned by Empresa Nacional de Hidrocarbonetos, EP (ENH) at par value of USD 4.26 per share (Class B)	70	17 700 654	70	17 700 654
1 186 823 authorised and issued ordinary shares owned by the Mozambican Government at par value of USD 4.26 per share (Class A)	20	5 057 330	20	5 057 330
593 412 authorised and issued ordinary shares owned by 1292 private shareholders at par value of USD 4.26 per share (Class C)	10	2 528 665	10	2 528 665
Total share capital authorized, issued and paid up	100	25 286 649	100	25 286 649

The company has not issued any preference shares. The classes of shares as described below do not create a restriction on the payment of dividends. All classes of shares have equal voting rights.

- Class "A" shares - not freely transferable, depending on the consent of the general assembly.
- Class "B" shares - not freely transferable, depending on the consent of the general assembly.
- The class "C" shares – Freely transferable to national citizens or entities, through the Stock Exchange (Bolsa de Valores de Moçambique).

17. Legal reserve

In terms of Mozambican Company Law, the company is obliged to transfer 5% of its annual net profit to a non-distributable legal reserve until the amount of the legal reserve reaches a minimum of 20% of share capital. This reserve may be utilised to offset losses and pay up capital. The company has fulfilled its requirement for transfer to the legal reserve as the legal reserve balance has reached 20% of share capital. The accumulated amount of reserve is USD 5 057 330 (2021: USD 5 057 330).

18. Investment reserve

This is a specific reserve set aside by the shareholders for the purpose of investment. Transfer to investment reserve was as per the shareholders' approval dated 11 December 2008. The accumulated amount of reserve is USD 14 296 822 (2021: USD 14 296 822).

19. Provisions

The provision relates to site closure and rehabilitation costs. As per concession granted, the operators are required to rehabilitate the area at the end of the project life. The existing estimate of the site restoration and rehabilitation cost was increased with the annual inflation factor for the remaining time, as to the site rehabilitation, and such future value was discounted (using a discount rate of 2.9%) to arrive at present value of the site rehabilitation costs. Significant assumptions are involved in the estimation process of the site restoration and rehabilitation obligation, including;

- Cost elements at the end of the concession;
- Timing of the individual cost component;
- Inflation rate; and
- Discount rate

	2022 USD	2021 USD
Long Term		
Opening balance	62 764 546	77 841 689
Notional Interest	1 831 198	1 743 984
Capitalised in property plant and equipment	2 670 955	(16 821 127)
Closing balance	67 266 699	62 764 546

Short Term		
Opening balance	3 012 287	952 608
Notional Interest	66 494	4 502
Change in amount, capitalised in property plant and equipment	3 250 122	2 055 177
Utilised during the year	(2 056 030)	-
Closing balance	4 272 873	3 012 287
Total	71 539 572	65 776 833

Expected timing of future cash flows		
Within one year	4 272 873	3 012 287
1 - 5 years	26 980 563	25 034 429
More than five years	40 286 136	37 730 117
Total	71 539 572	65 776 833

The short term portion of the provision relates to the projects which will be ending within 12 months.

20. Trade and other payables

	2022 USD	2021 USD
Non-current		
Other payables	110 252	41 802
Current		
Interest in current liabilities of the JO	8 263 527	5 956 385
Trade payables	1 963 237	1 697 118
Joint operations' accruals (a)	6 300 290	4 259 267
Other payables	502 545	335 961
Suppliers	142 762	59 156
Withholding tax, employee tax and social security	311 148	229 082
Other payables	48 635	47 723
	8 766 072	6 292 346

(a) These relate to the different accruals for the joint operations' activities for the day-to-day operations and maintenance activities.

21. Intercompany payable

	2022 USD	2021 USD
Empresa Nacional de Hidrocarbonetos (ENH)	431 193	25 047
	431 193	25 047

The amount payable to ENH relates to the fee for technical services provided by ENH in accordance with the technical services agreements signed among CMH and ENH. It is payable on demand and does not bear interest.

22. Related-party transactions

For the purpose of these financial statements, parties are considered to be related to the company if the company has the ability, directly or indirectly to control or jointly control the party or exercise significant influence over the party in making financial or operating decisions. Related party also includes key management personal defined as those persons having authority and responsibility for planning, directing and controlling activities directly or indirectly. The key management personal includes all board of director members, executive director and non-executive directors. The company related parties include joint operations as well as the Government of Mozambique and its related entity as the holding company (ENH) wholly owned by the Government of Mozambique.

The company is controlled by Empresa Nacional de Hidrocarbonetos, EP (ENH), which owns 70% of the company's shares, 20% shares are held by the Government of Mozambique and the remaining 10% belongs to private shareholders. The following transactions took place during the year, which resulted in the mentioned closing balances with the related parties:

Related party	**Type of**	**Volume of Transactions**		**Balance owed**	
relationship	**transaction**	**2022 (USD)**	**2021 (USD)**	**2022 (USD)**	**2021 (USD)**
Empresa Nacional de Hidrocarbonetos, EP	Technical service	549 330	110 212	431 193	25 047

Upon approval of any Work Programme and Budget, if Operator so requests, each Party shall advance its share of estimated cash requirements for the succeeding month's operations. The amount requested in a cash call shall be equal to the Operator's estimate of the money to be spent, in the currencies required, to defray the net cash payments, being cash payments less cash receipts, due in the relevant month under the approved Work Programme and Budget. For informational purposes the cash call shall contain an estimate of the funds required for the succeeding two (2) months. The following transactions took place:

	Sales in Joint Operations Gas and condensate (Note 6)		**Amount received from JO current account**		**Year end balances arising from purchases of services, office rent and payments made (operating costs and fixed assets) amount to pay to Joint Operations (Note 20)**	
	2022 (USD)	**2021 (USD)**	**2022 (USD)**	**2021 (USD)**	**2022 (USD)**	**2021 (USD)**
Sasol Gas, Petromoc, ENH Kogas, ENH through joint operations.	98 513 195	65 392 787	-	-	-	-
Joint Operations (JO)	-	-	95 938 261	65 056 517	8 263 527	5 956 385

The following amounts were transferred to joint operations on account of cash calls.

Related party relationship	**Type of transaction**	**Transaction amount 2022 (USD)**	**Transaction amount 2021 (USD)**
Joint Operations (JO)	Cash calls for expenses	48 875 220	15 882 036

Capital commitments with regard to the joint operations are mentioned in note 25.

The company pays management fees related to the service of an executive director and also fees for non-executive director of the company. The following transactions took place:

Related party relationship	**Type of transaction**	**Transaction amount**		**Balance owed**	
		2022 (USD)	**2021 (USD)**	**2022 (USD)**	**2021 (USD)**
Key management	Remuneration	512 721	621 137	-	-

The short term key management remuneration amounts to USD 1 165 626 (2021: USD 1 341 922) while post-employment benefits amounts to USD 31 038 (2021: USD 41 450). There was neither any payment for the termination cost nor share based payments.

23. Employee benefits

	2022 USD	2021 USD
Defined benefit asset	3 601 739	3 463 542
Defined benefit liability	(3 593 804)	(3 019 054)
Net defined benefit asset	7 935	444 488

a. Funding

The fund provides for pensions to be paid in retirement or lump sum benefits to be paid in event of death while in service or withdrawal before retirement. The normal retirement age is 60 for males and 55 for females. The Fund does not make allowance for early retirement however, members can retire early on account of ill-health. The contribution rates are fixed in terms of the rules. Members contribute 3.0% of Pensionable Emoluments to retirement. The employer contributes 8.63% of Pensionable Emoluments towards the fund. The balance, after allowing for risk benefits and operational costs, is allocated to retirement.

The defined benefit plan is administered by a pension fund managing entity, to comply with the legal requirements. The board of the pension fund is required by law to act in the best interest of the plan's participants and responsible for setting certain policies for investments, contribution and indexation. The defined benefit plan exposes company to the actuarial risks, longevity risk, currency risk, interest rate risk and market risk.

b. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit (asset) liability and its components.

	Defined Benefit Obligation		Fair Value of Plan Assets		Net Defined Benefit (Asset) Liability	
	2022 (USD)	2021 (USD)	2022 (USD)	2021 (USD)	2022 (USD)	2021 (USD)
Balance at 1 July	3 019 054	2 315 736	(3 462 542)	(3 142 000)	(443 488)	(826 264)
Included in profit or loss	495 524	368 398	(407 332)	(369 459)	98 010	(1 061)
Current service cost	125 073	156 399	-	-	102 029	156 399
Interest cost (income)	370 451	297 680	(407 332)	(369 459)	(4 019)	(71 779)
Included in OCI						
Actuarial gain	263 534	172 747	101 038	233 584	(364 572)	406 331
Other						
Net foreign exchange difference	16 386	240 455	(18 284)	(326 251)	1 898	(85 796)
Contributions paid by members & employer	20 261	48 257	(146 365)	(168 055)	(49 872)	(119 798)
Benefits paid	(82 016)	(212 220)	222 430	212 220	140 414	-
Expenses paid			(91 032)	(96 419)	42 253	96 419
	3 593 804	3 019 054	(3 601 739)	(3 462 542)	(7 935)	(444 488)

Plan assets comprise of term deposits, treasury bonds and promissory notes.

Defined benefit obligation

i. Actuarial assumptions

	2022	2021
Discount rate	12.02%	12.02%
Future salary growth	7.59%	6.5%
Future pension growth	5.5%	5.5%
Inflation rate	6.59%	5.5%

The summary of the membership statistics for the active members as at the valuation date is as follows:

Age band (Years)	No. of Female Employees	No. of Male Employees
25-30	-	-
30-35	2	5
35-40	3	2
40-45	-	3
45-50	1	2
50-55	2	1
55-60	-	-

The summary of the membership statistics for the pensioner as at the valuation date is as follows:

Age band (Years)	No. of employees
58-63	2

ii. Sensitivity analysis

	Liability (USDm)	Service cost (USDm)	Percentage change in Liability
Salary growth 1% Increase	3.63	0.56	15.49%
Salary growth 1% decrease	3.56	0.45	-12.63%
Discount rate 1% increase	3.20	0.40	-11.08%
Discount rate 1% decrease	4.08	0.48	13.48%
Pension 1% increase	3.95	0.36	-8.61%
Pension 1% decrease	3.29	0.31	9.90%
Post retirement mortality (rated up 1 year)	3.47	0.13	-3.56%
Post retirement mortality (rated down 1 year)	4.53	0.93	25.95%

iii. Maturity profile

Time	Pensioner members and active members (% of liability)
2021 – 2025	5%
2026 – 2030	20%
2031 – onwards	75%

Short term employee benefits comprise of the salaries and utilities, mentioned in note 7.

24. Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial instruments, including their fair value hierarchy. For the financial assets mentioned, the carrying amount is a reasonable approximation of fair value due to the short term nature of the instruments.

30 June 2022

Financial instruments not measured at fair value

	Note	Carrying amount (USD) Financial assets at amortised cost	Total	Fair Value (USD) Level 1	Level 2	Level 3	Total
Trade receivables	14	16 533 154	16 533 154	-	16 533 154	-	16 533 154
Cash and cash equivalents	15	154 556 309	154 556 309	-	154 556 309	-	154 556 309
		171 089 463	171 089 463	-	171 089 463	-	171 089 463

30 June 2021

Financial instruments not measured at fair value

	Note	Carrying amount (USD) Financial assets at amortized cost	Total	Fair Value (USD) Level 1	Level 2	Level 3	Total
Trade receivables	14	8 635 471	8 635 471	-	8 635 471	-	8 635 471
Cash and cash equivalents	15	132 215 938	132 215 938	-	132 215 938	-	132 215 938
		140 851 409	140 851 409	-	140 851 409	-	140 851 409

25. Commitments and contingencies

Commitments for capital expenditure authorized at the reporting date are as follows:

Estimated timing of expenditure	2022 USD	2021 USD
Within one year	16 782 945	20 832 106
2 - 5 years	2 946 647	18 400 271
	19 729 592	39 232 377

June 2022

	Gross capital commitments Authorised USD	Authorised and contracted USD	Authorised and not contracted USD
Joint operation's projects			
PPA - PPA Infill Wells (Tranche 1)-Well Y	1 098 480	(0)	1 098 480
PPA - PPA Infill Wells (Tranche 2)	6 981 744	969 802	6 011 942
Meric Drilling Campaign	2 256 621	(18)	2 256 639
PPA Infill Wells Tranche 3	2 118 618	608 441	1 510 177
Other projects	7 274 130	320 810	6 953 320
CMH administrative costs	1 180 000	-	1 180 000
Under the acquisition of property, plant and equipment			
	20 909 593	1 899 035	19 010 558

June 2021

	Gross capital commitments Authorised USD	Authorised and contracted USD	Authorised and not contracted USD
Joint operation's projects			
PPA – PPA Infill Wells (Tranche 1)-Well Y	7 346 417	2 140 234	5 206 183
PPA – PPA Infill Wells (Tranche 2)	19 928 613	821 923	19 106 690
Meric Drilling Campaign	5 447 017	1 174 558	4 272 459
PPA Water Disposal	327 221	-	327 221
Other projects	5 064 443	174 878	4 889 565
CMH administrative costs	1 118 666	173 054	945 612
Under the acquisition of property, plant and equipment			
	39 232 377	4 484 647	34 747 730

The balance corresponds to a 25% of the capital expenditure commitment of the Joint Operations.

26. Financial Instruments and Risk Management

Financial Risk Management

Exposure to currency, credit, liquidity and interest rate risks arises in the normal course of the Company's business. The Company's risks are being monitored continually. Financial instruments as shown in the statement of financial position include cash resources, trade receivables, trade payables and borrowings.

This note presents information about the Company's exposure to each of the above risks, the Company objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.
The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Board of Directors oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

26.1 Market Risk

Market risk is the risk arising from possible market price movements and their impact on the future cash flows of the company or fair value of financial instruments. The market price movements that the company is exposed to include foreign currency exchange rates, interest rates and oil and natural gas prices (commodity price risk). The company has developed policies aimed at managing the volatility inherent in these exposures which are discussed in the risks below.

26.1.1 Currency Risk

The Company is exposed to risks as a result of purchases in foreign currencies. The currency giving rise to the currency risk in which the Company deals is the Mozambican Metical. Company manages this risk by ensuring that all significant transactions are conducted in its functional currency.

Exposure to currency risk

The Company's exposure to foreign currency risk was as follows based on notional amounts:

	2022 MT	2021 MT
Trade and other payables	(8 584 469)	(3 252 357)
Cash and cash equivalents	6 193 170 515	958 127 776
	6 184 586 046	954 875 419

Below are the exchange rates that were applied during the year;

	Average rate		Spot rate	
Reporting Date	30 June 2022	30 June 2021	30 June 2022	30 June 2021
MT per USD	64.44	70.02	64.47	64.14

Sensitivity analysis

A 1% decrease or increase in the value of foreign currencies against United State Dollars on the company's foreign currency exposures would have the effect of increasing or decreasing the shareholders' equity and profit after tax by USD 949 799 (2021: USD 148 874). This analysis assumes that all other variables remain constants.

26.1.2 Interest Rate Risk

The Company is not exposed to interest rate changes on its fixed term deposits as Management adopts a policy of ensuring that its fixed term deposits are kept at fixed interest rate (in view of market-related rates), to address its interest rate risk. At the reporting date none of the fixed term deposit had a variable interest rate component but at fixed interest rates. Agreed interest rates for the USD based fixed deposits ranged from 0.8% to 3% while for the Meticais based fixed deposits ranged from 12% to 17%. Fixed rates agreed with the financial institutions does not vary significantly from the prevailing variable interest rates;

	Carrying Amount	
	2022 USD	2021 USD
Fixed deposits		
Fixed term deposit with variable interest rates	-	-
Fixed term deposit with fixed interest rates	137 500 000	-

Sensitivity analysis

A 1% decrease or increase in the interest rate would have the effect of increasing or decreasing the shareholder's equity and profit after tax by USD - (2021: USD Nil). This analysis assumes that all other variables remain constant.

26.1.3 Commodity price risk

The Company is exposed to changes in the prices of oil and gas in the international market. A 1% decrease or increase in the prices would have effect of increasing or decreasing the shareholder's equity and profit after tax by USD 208 168 (2021: USD 65 393). This analysis assumes that all other variables remain constant. Company manages this risk by agreeing the fixed component of the price in the sale agreements.

26.2 Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and balances kept at the bank with financial institutions.

Management has a credit policy in place and exposure to credit risk is monitored on an on-going basis. Credit exposure is limited as the company´s trade receivables are due from the Joint Operation partner only. The Company establishes an allowance for expected credit loss that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures. Company considers all the receivables with more than 90 days overdue as higher risk category. Other receivables are mainly from the banks on account of interest. The maximum exposure to credit risks is represented by the carrying amount of each financial asset in the statement of financial position. The entity uses reputable financial institutions with good credit ratings to manage the credit risk related to bank balances. The company considers that its cash and cash equivalents have low credit risk and no expected credit losses were recorded against these balances.

Exposure to Credit Risk

The Carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2022 USD	2021 USD
Trade receivables (Note 14)	16 533 154	8 635 471
Cash and cash equivalents (Note 15)	154 556 309	132 215 938
Total exposure	171 089 463	140 851 409

The above trade receivables included sales to one anchor-customer being Sasol Gas, a subsidiary of Sasol Limited. The aging of the trade receivables at the reporting date was:

	2022 USD	2021 USD
Neither past due nor impaired	16 533 154	8 635 471

Based on historic default rates, the company believes impairment allowance is insignificant in respect of trade receivables. Sasol Gas Limited represents 82% (2020: 79%) of the Company's total turnover and 72% (2020: 65%) of trade receivables at 30 June 2022. Sasol Gas has more than 10 years trading history with the JO.

Classification and ECL rate is calculated for each receivable based on the actual credit loss experience and in view of that, for these financial statements, a low credit risk presumption is used. The forward-looking information is considered based on the economic analysis and forecasts by considering the data from reliable resources, specific credit worthiness reports and by assessing any stress caused to the credibility of the parties involved.

26.3 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company´s reputation.

Liquidity risk is actively managed through cash flow projections to ensure that there are sufficient funds available for any short term and long term commitments. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for the short term, including the servicing of financial obligations. The following are the contractual maturities of financial liabilities, including estimated payments dates:

	Carrying amount USD	Contractual Cash flow USD	6 months or less USD	06-12 Months USD	1-2 years USD	2-5 years USD
30 June 2022						
Non-derivative financial liabilities						
Trade and other payables	(8 766 072)	(8 766 072)	(8 766 072)	-	-	-
	(8 766 072)	(8 766 072)	(8 766 072)	-	-	-

	Carrying amount USD	Contractual Cash flow USD	6 months or less USD	06-12 Months USD	1-2 years USD	2-5 years USD
30 June 2021						
Non-derivative financial liabilities						
Trade and other payables	(6 292 346)	(6 292 346)	(6 292 346)	-	-	-
	(6 292 346)	(6 292 346)	(6 292 346)	-	-	-

27. Subsequent Events

Subsequent to 30 June 2022 to the date of reporting, there are no significant events that have occurred which might need disclosure or adjustment in the financial statements. One of the gas sales agreement with ENH (2MGJ/a), which was suspended since 2017, resumed on 1st August 2022.

28. Approval of the financial statements

These financial statements were approved by board of directors' on 29 August 2022.