Building a sustainable future

STAR ENERGY GROUP PLC

Annual Report & Accounts 2024

WELCOME

Star Energy Group plc is an onshore energy development and production business

Our Purpose
is to be a profitable energy business providing for today's oil and gas needs responsibly, whilst using our existing operational expertise to diversify into low-carbon sources of energy for tomorrow.

Our vision
is to be a leading provider of affordable and sustainable energy in local markets as energy needs evolve.

Our strategy
is to create value for shareholders, employees and communities by being a first class operator of oil and gas assets, whilst actively developing and building a geothermal business of scale, as the economy transitions to a net zero future.

> **Our focus is on the responsible production of oil and gas onshore in the UK and the development of geothermal opportunities**

Chairman's Statement

Generating strong cash flows from our existing operations is important in creating value for shareholders.

Read more 04

> **Enhancing production from mature fields**

Our Stakeholders

Making a positive contribution and appropriately managing our environmental impact in the communities in which we live and work remains a key part of our activities.

Read more 12

Horndean

67% increase in production rates.

Read more 14

Corporate Governance

The Board is fully committed to ensuring that high standards of governance, values and behaviours are consistently applied throughout the Group, helping to ensure the integrity of our business, the successful delivery of our strategy and the long-term success of the Group as a whole.

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For the latest news and information on our Group and its activities check out **our website** to stay up to date: **www.starenergygroupplc.com**

AT A GLANCE

Providing for today & building for tomorrow

Who we are

We are the operator of the largest number of onshore oil fields in Britain and are building a geothermal business of scale.

Our Assets

We are a leading onshore hydrocarbon producer in the United Kingdom, delivering indigenous crude oil and electricity to Britain's energy market from our fields in the East Midlands and the Weald Basin in Southern England.

We own a 71% interest in a company which has been awarded three geothermal exploration licences in Croatia, with the potential to develop power generation facilities that will supply renewable baseload power to local and regional electricity markets.

Our pipeline of geothermal heat opportunities in the UK includes projects in partnership with Salisbury and Manchester University NHS Foundation Trusts to decarbonise their operations and provide a reliable long-term source of heat.

Average net production for the year to 31 December 2024

1,989 boepd

Adjusted EBITDA for the year to 31 December 2024

£11.1m

UK geothermal heat pipeline

300 GWh/annum

Croatian geothermal power pipeline

60 MWe

→ Read more

What we do

Historically, our primary focus has been on oil and gas extraction. This part of our business generates strong cash flows and we will continue to maximise these.

The Continuing Role for Oil and Gas

Every scenario produced by the Climate Change Committee demonstrates a continuing role for oil and gas, not only throughout the transition to, but also at the outcome of achieving net zero, with oil and gas demand expected to be 13-15 billion boe over the next 25 years to 2050. UK production over this period is projected to be c.4 billion boe. In 2050, oil and gas will continue to supply c.20% of the UK's energy needs.

Our oil and gas assets

We produce indigenous oil from distributed fields onshore in England. These mature fields, with significant reserves, continue to be optimised, with a focus on profitability.

Optimisation of these fields involves increasing production through investment in incremental production uplift from existing wells and, subject to capital allocation, execution of our shovel ready in-field development projects, together with reducing operating costs through full field abandonment of low performing fields. Our focus is on profitability rather than production volumes.

UK energy imported in 2023 and 2024

40%

Forecast UK hydrocarbon production to 2050 as a percentage of consumption

27-31%

Forecast oil and gas contribution to UK energy in 2050

20%

Diversification into geothermal energy

Whilst there is a clear need for oil and gas in a net zero environment, we have begun to diversify into renewable energy as we see this as a significant opportunity for growth.

Geothermal is an indigenous source of sustainable energy

Geothermal resources are reservoirs of hot water that exist at varying temperatures and depths below the Earth's surface. Wells, ranging from a few feet to several miles deep, can be drilled into underground reservoirs to tap steam and hot water that can be brought to the surface for use in electricity generation, heating and cooling.

Geothermal energy is an ideal solution for baseload renewable electricity, heating and cooling.

Geothermal energy:

- has the smallest surface footprint of any renewable energy source and it runs 24 hours a day, whatever the weather
- is low in visual impact, with no buildings higher than 10m and, in heating applications, removes the requirement for expensive building retrofits
- is dispatchable with wide temperature applicability, storage potential and can be used for cooling as well as heating

In the UK, embracing geothermal energy will decarbonise heating, reduce our reliance on imports and help to safeguard Britain's energy security. As a non-extractive, renewable energy source, geothermal heat can play a key role in reducing the UK's carbon emissions and meeting the targets set at COP26.

→ Read more
https://www.starenergygroupplc.com/investors/reports-publications-presentations/.

What is the growth opportunity?

We are using our existing and highly complementary skill set and expertise in oil and gas development to build a valuable geothermal business of scale.

As a proven developer of oil and gas projects, our expertise in value creation through exploration, appraisal and development of projects is directly applicable to geothermal project energy development. As we de-risk projects through development to operation, we realise value by farming down a percentage of our interest. In addition, the retained interest on farmed down projects would, once operational, generate stable, long-term cash flows.

Croatian power generation

- The Pannonian Basin is emerging as a key European geothermal hotspot, with projects aiming to materially boost Croatia's renewable energy capacity
- Investment friendly environment is attracting significant investment into geothermal power development

UK heating & cooling

- Heating accounts for 37% of UK carbon emissions. To meet 2050 targets, almost 100% of heat demand must be decarbonised
- 65% of UK heat usage is located above deep geothermal resources
- Peak heating demand in the UK is up to c.200GW

Annual supply of a typical UK heat project

40 GWh

Annual carbon savings from a UK heat project

5,000 tonnes

Capacity range of our Croatian power projects

10-25 MWe

→ Read more

> **There is enough geothermal energy in the UK to meet the country's annual heating demand for at least a century**
>
> **Environmental Audit Select Committee, 2022**

Our journey so far

2022

Changed company name to Star Energy to reflect the diversification into renewable energy. Grew our UK geothermal project pipeline and submitted bids for five innovation partnerships with the NHS.

2023

Star Energy awarded three Innovation Partnerships with the NHS including Salisbury and Wythenshawe NHS Trusts. Established a Croatian geothermal business through the acquisition of 51% stake in A14 Energy Limited which owned the Ernestinovo geothermal exploration licence, through its subsidiary IGeoPen. Bid for, and won, two additional geothermal exploration licences.

2024

Completed seismic data acquisition and submitted a planning and permitting pre-application to drill a geothermal well doublet and construct an energy centre at Salisbury District Hospital. Established exploitation field on the Ernestinovo licence.

CHAIRMAN'S STATEMENT

Delivering today and adapting for tomorrow

I am pleased with the progress we have made on our strategic aims during the year despite an increasingly challenging political and regulatory environment. Our focus remains on being a responsible operator of our oil and gas assets, managing these for maximum value and rightsizing to maintain profitability, whilst continuing to contribute to the delivery of the UK's domestic energy security.

At a time of increasing international uncertainties, where the value of energy security is important, 100% of our production comes from the UK onshore and is consumed in the UK. We focus on maintaining consistent volumes of production and investing our capital to create value for shareholders now and over the longer term. We are keen to capitalise on our undoubted skills in onshore oil and gas operations to develop growth opportunities as these arise in geothermal power and heating, both in the UK and Croatia.

Our long experience of successful and environmentally responsible onshore oil and gas development and operation, together with a substantial skillset in this area is readily transferable to geothermal. We have established expertise in navigating the regulatory and planning environment and have very experienced commercial, subsurface and operating teams. We calibrate our initiatives to match the readiness of our counterparties and customers.

Our expertise has been supplemented through the acquisition of A14 Energy in 2023, where the Croatian team provide significant in-country expertise.

We have the technical and operational capability to de-risk projects, creating natural monetisation points that offer flexibility to retain or farm down assets for early value realisation. We have strengthened our balance sheet through securing a €25 million debt facility with Kommunalkredit AG which, while primarily funding geothermal growth, also allows us to reinvest cash flows in our oil and gas assets. The sale of a non-core asset for £6.3 million which completed in 2025, was an important step in realising value from our existing assets. However, improving our resilience in an uncertain commodity price environment is critical and we have already made good progress on this, realising significant savings in our cost base as we go into 2025.

Our focus is on the responsible production of oil and gas onshore in the UK and the development of geothermal opportunities

Generating strong cash flows from our existing operations is important in creating value for shareholders. We have continued to operate in a safe and environmentally friendly manner and achieved a strong safety performance for the year. The safety of our staff and that of the communities we work in is of paramount importance and will always be front and centre as we look to streamline our operations and drive down costs. Our existing operations provide a solid platform for maximising profits in our conventional oil business and provide the professional and capital resources as new energy opportunities materialise.

In a UK context, the decarbonisation of heat utilising the geothermal resource beneath our feet can deliver a sustainable, low carbon and on demand energy source. Approximately half of energy consumed in the UK is ultimately used in the creation of heat. The development of a geothermal sector would provide baseload heat. It could help make Britain the clean energy superpower promoted by the government and boost economic growth whilst helping the country achieve its legally binding net zero targets.

With our extensive UK onshore expertise, transferable skills and subsurface database, we are in a strong position to deliver low carbon heat energy for the country provided that the government is able to use its convening and co-ordinating powers to help deliver executable projects in a timely fashion.

In Croatia, we have advanced our geothermal projects with further data acquisition and interpretation across all three licences. Geothermal activity in the country is increasing rapidly, and Croatia is emerging as a European hotspot for the sector. A supportive regulatory regime and government backing provide a solid foundation for the development of our existing licences and further expansion. Growing investor interest underlines the potential, and our increased stake in the Croatian subsidiary post year end – from 51% to 71% – allows us to control the development of this initiative until appropriate value inflection points are achieved.

In 2024, we appointed Ross Glover as CEO, who brings a depth of experience in both oil and gas and renewable energy development. Ross has been with Star Energy since 2017 and was previously COO. We thank the previous CEO, Chris Hopkinson, for his contribution to the development of the Company and we wish him all the best for the future.

On behalf of the Board, I would like to thank everyone in the business for their commitment and professionalism. It is the combination of a proven track record of strong operational performance, resilience and adaptability that keeps the business moving forward.

Outlook

Recent times have amply demonstrated that energy is a strategic resource and the basic building block for a modern economy looking for growth. The current geopolitical climate and its impact on oil prices reinforces the importance of resilience in a volatile commodity price environment. As the largest onshore oil and gas company in the UK, Star Energy has an important role to play. The energy transition is underway, and we are at the forefront of the challenges and opportunities that this evolution brings. However, the approach must be managed wisely as hydrocarbons currently continue to provide the world with some 80% of our daily energy supply (much of it imported into the UK). The Company will accordingly continue to maximise its own cash flows from its existing energy portfolio. We will invest in our conventional business to maintain production levels. It is important to recognise the continuing role of fossil fuels in providing for UK energy needs during the transition to a low carbon economy and developing indigenous, locally produced resources is a critical part of the UK's future energy security. We continue to play our part in delivering that.

Philip Jackson

Operational Performance

Net production

1,989 boepd

Net production averaged 1,989 boepd in 2024 (2023: 2,100), with strong uptime across the portfolio.

2P NPV10

$188m

Reserves and Resources updated CPR values 1P NPV10 at $113 million (2023: $143 million) 2P NPV10 at $188 million (2023: $235 million)+

Revenues

Revenues for the year were £43.7 million compared to £49.5 million in 2023, a reduction of £5.8 million reflecting lower commodity prices, particularly for gas and electricity, movements in foreign exchange rates and lower volumes.

→ **Read more**
About our Operations on **pages 6 and 7**

+ Oil price assumption of c.$72/bbl for five years, then inflated at 2-3% p.a. from 2029 to 2054 taken from D&M CPR https://www.starenergygroupplc.com/investors/reports-publications-presentations/

* These are non-IFRS alternative performance measures which are further explained on **page 19.**

Financial Performance

Revenues

£43.7m

2024	£43.7m
2023	£49.5m

Loss after tax

£(12.6)m

2024	£(12.6)m
2023	£(5.5)m

Net assets

£42.6m

2024	£42.6m
2023	£54.9m

Cash and cash equivalents

£4.7m

2024	£4.7m
2023	£3.9m

Net debt*

£7.5m

2024	£7.5m
2023	£1.6m

Underlying operating profit*

£5.9m

2024	£5.9m
2023	£9.1m

Adjusted EBITDA*

£11.1m

2024	£11.1m
2023	£16.1m

Operating cash flow before working capital movements

£8.8m

2023	£8.8m
2022	£15.0m

Reserves and Resources Competent Persons Report (CPR)

In April 2025, the Company published the full and final results of the CPR** by DeGolyer & MacNaughton, a leading independent international reserves and resources auditor.

Reserves and Resources as at 31 December 2024(MMboe)

	1P	2P	2C
Reserves & Resources as at 31 December 2023	11.71	17.47	18.59
Production during the period	(0.67)	(0.67)	–
Additions & revisions during the period	(0.87)	(1.49)	(2.30)
Reserves & Resources as at 31 December 2024	10.17	15.31	16.29

- The decrease in reserves value is due to a development project moving out of the reserves category due to project prioritisation.
- Oil price assumption of c.$72/bbl for five years, then inflated at 2-3% p.a. from 2029 to 2054.
- The production in the reserves movement table incorporates production at the following sites: Albury, Beckingham, Bletchingley, Bothamsall, Cold Hanworth, Corringham, East Glentworth, Egmanton, Glentworth, Goodworth, Horndean, Long Clawson, Palmers Wood, Scampton North, Singleton, Stockbridge and Welton.

The report values our conventional assets at $188 million (2023: $235 million) on a 2P NPV10 basis.

** The full report can be found at https://www.starenergygroupplc.com/investors/reports-publications-presentations/

CEO STATEMENT

On the road to a sustainable future

I am delighted to be presenting my first report as Chief Executive Officer of Star Energy Group plc.

Introduction

We continue to operate in a safe and environmentally sensitive manner, which is a fundamental principle guiding all our activities and decisions. Our focus on maximising profitability from our oil and gas activities is crucial for long-term sustainability and enables us to successfully navigate a volatile oil price environment. We plan to capitalise on government backing, an investor-friendly regulatory framework, and increased investor interest in Croatia, presenting a unique opportunity for expansion and progression of our geothermal projects in this region. In the UK, we are advancing geothermal energy to take advantage of the government's renewable energy aspirations, proceeding cautiously until a clearer investment framework is established.

Oil and gas

The Company's focus is on optimising the net profitability of the fields from which it produces. In this context, predictability of production (across its mature portfolio of operations) is also important. Well uptime remained strong across the year with net production for the year averaging 1,989 boepd (2023: 2,100 boepd). Good results from a rolling programme of well optimisation and stimulation activities yielded additional production at a number of sites. However, as expected, we saw a reduction in production from our Albury field (c. 80 boe/d) due to a decline in gas pressure resulting in the cessation of gas exports.

We continue to offset decline rates through the execution of low cost incremental production projects with short pay-back times, and have increased the efficiency of our well service operations thereby achieving better uptimes across our sites.

We have made progress in reducing operating costs in certain areas, from £24.1 million in 2023 to £22.3 million, however, more work needs to be done and this will be a focus as we go forward. We are still seeing the impact of the regulatory burden but are working with regulators to address those costs and/or duplication of effort which do not contribute to our high standards as an environmentally responsible operator. We upgraded pipelines and the processing centre at our Gainsborough site which will result in lower operating costs going forward.

> **I am delighted to be presenting my first report as Chief Executive Officer of Star Energy Group plc**

However, a step-change in operating costs is dependent on optimising the operational portfolio, including full field abandonment at less productive sites. Work has started on this and, following the full impairment of our shale assets in 2023, we have started to rationalise our portfolio of exploration licences, relinquishing early-stage exploration and shale licences whilst retaining core exploration acreage adjacent to our existing operations in the East Midlands. Five wells have been abandoned at our non-operated Doe Green and Irlam sites, with site restoration work planned for 2025. Alongside this, we have re-organised and simplified our operating licence structure. This re-organisation will lead to reduced costs and a lower administrative burden going forward.

We have also made good headway in reducing our G&A costs with a target to achieve annual savings of c.£1.5 million with effect from 2025. We will continue to maximise cash flows from our oil and gas business and secure an income stream that is resilient in a volatile commodity price environment.

Work has begun on the Singleton gas-to-wire project which will deliver c.74 boe/d, utilising gas which is currently being flared. The project, which satisfies the regulatory requirements for the facility, now has planning consent and a secured grid connection. Procurement for long lead items is underway, with a first export of electricity from the site expected in late 2025.

We have permitted projects at Glentworth (200 boepd), Corringham (100 boepd) and Bletchingley (6MW gas-to-wire), however, progress on these is subject to finding a farm-in partner.

Geothermal Energy

We see exciting opportunities for growth in our geothermal business, both in the UK and Croatia. The International Energy Agency's report on geothermal energy in December 2024 recognised the huge potential for geothermal energy and concluded that, if geothermal can follow in the footsteps of innovation success stories such as solar PV, wind, EVs and batteries, it can become a cornerstone of tomorrow's electricity and heat systems as a dispatchable and clean source of energy.

Croatia

In Croatia, there is now significant activity in the geothermal sector, with over 100MW of geothermal power capacity projected to come online in 2028. Confirming its commitment to the sector, the Croatian government is drilling four geothermal exploration wells in 2025. This, along with a clear regulatory framework, has seen the emergence of the Pannonian Basin, in which our licences are located, as a key European geothermal hotspot. Our increased stake in A14 Energy Limited provides us with greater flexibility in our plans to accelerate the development of our Croatian assets and, when appropriate value inflection points have been achieved, to introduce other partners. The increased interest does not expose us to material additional costs in the short to medium term due to the existing carry arrangements.

We have fulfilled our exploration obligations on our Ernestinovo licence and have established the exploitation field on the licence. A field development plan is under preparation and we expect to submit this shortly. We have completed the acquisition of magnetotelluric data across our Sječe and Pčelić licences. This data will delineate the reservoir and allow us to update our estimates of reservoir size. All our Croatian licences are in areas where substantial offset datasets are available from previous conventional oil and gas drilling activities. Our technical teams are at an advanced stage of consolidating all existing and new data for each of our three licences. This analysis will allow us to bring the development plans for each licence up to date and will inform our next steps and the optimal sequencing for the licences' commercial development.

Preliminary conclusions point to good prospects within our Croatian portfolio, with high temperatures recorded in existing wells comparable with other Croatian geothermal reservoirs.

UK

In the UK, we have been successful in obtaining grant funding to progress our NHS projects. We continue to work in partnership with the Salisbury and Manchester NHS hospital trusts to decarbonise their operations and provide a reliable long-term source of heat. We are also pleased to be working with Bring Energy to explore the further integration of geothermal energy into Southampton's city-centre heat network where we will leverage our geothermal expertise to assess the potential for supplying heat to the existing network as well as exploring the development of a new geothermal supplied heat network to serve the northern part of the city. The UK has legally binding net zero by 2050 targets, with interim carbon budgets set under the Climate Change Act 2008. Heating accounts for c.37% of all UK emissions and decarbonisation of the public sector is a key element of this. To date, UK government policy of decarbonising heat has had an emphasis on electrification, however, electrification alone is not a sufficient solution given electricity generation capacity is significantly less than will be required and generating the additional capacity will involve material upgrades to the national grid.

The next 12 months will be an important opportunity for the UK Government to demonstrate its commitment towards the decarbonisation of heat and, in particular, geothermal energy as an important tool in achieving its net zero ambitions. Geothermal energy can provide a solution to the UK's heat decarbonisation goals and we are well placed to take advantage of this significant opportunity.

Seismic data acquisition was completed in September 2024 for the Salisbury NHS Foundation Trust project. Processing and interpretation of the data acquired was completed by year end. We are preparing a planning application for submission in 2025.

In Manchester, at the Wythenshawe Hospital project, reprocessing and interpretation of legacy data is complete. Further seismic data will be acquired in Q4 2025, with the survey design largely completed.

As disclosed in note 9, the Stoke-on-Trent geothermal project in its original form is no longer progressing and we have therefore impaired the development costs of £4.3 million. As a result of its cancellation, £2.3 million of the related contingent consideration provision was released in the period.

Ross Glover
Chief Executive Officer

CEO Q&A

Generating value for shareholders

Q&A with our new CEO

I believe that engagement with shareholders is very important and I look forward to providing more regular updates and communication as we go forward.

Q How do you plan to improve shareholder value?

A Our strategic aim is to be a profitable energy business generating strong cash flows from our oil and gas business whilst diversifying to the geothermal sector. We continue to invest in our oil and gas business so that it continues to provide a strong financial platform for future growth, and we believe that geothermal can provide a significant growth opportunity both in the UK and in Europe. Successful project development will create substantial incremental asset value and can deliver strong returns for shareholders. However, it will take time to bring our geothermal projects to production. We are determined to be rigorous in our assessment of project commerciality and will allocate capital based on strict criteria for achievement of milestones and value creation. In this way we can build a portfolio of profitable projects over time. We also intend meanwhile to maximise current oil & gas profitability.

In the UK, we are an active participant in discussions with the government on their renewable energy aspirations, contributing to the solution by decarbonising heat provision, particularly for NHS Trusts who are big heat users.

In Croatia, there is a supportive regulatory environment and the government have clearly stated their intention to grow the geothermal sector. Of late, we have seen widening investor interest in the Croatian geothermal electricity generation sector. We will deploy our expertise in de-risking our Croatian opportunities and this will create opportunities for us to add value and strategically to farm down an interest in those projects at various value inflection points through project progression. This will create options to recycle capital and/or retain an interest in certain projects through to operation.

Q Why is geothermal a good strategic fit for Star Energy?

A Star Energy has developed and operated projects onshore in the UK for decades. We have deep exploration and production knowledge, extensive knowledge of UK subsurface with a significant UK dataset (and an acquired Croatian dataset). We have broad experience and expertise in permitting and planning complex projects. This can be an area of material capital requirements and it is important therefore for us to be disciplined in the capital we allocate depending on milestones achieved. Our knowledge and experience gives us a competitive advantage in geothermal exploration, development and operation. Our people and cash flows from our existing oil and gas business can be deployed to progress the early stages of our geothermal activity, which will then become self-sustaining as we progress through the project lifecycle and generate cash flow through farm down or operation.

Q How will you make the oil and gas operations more profitable?

A In the past 18 months we have focused on increasing the absolute volumes of production derived from each well we operate. We have commenced incremental reduction of general and administrative expenses (G&A) and operating costs through enhanced remote monitoring, changes in working methods and negotiating cost reductions with suppliers. We are making good progress on this and expect significant savings in G&A in 2025. Operating cost savings have been more limited but we will look for further gradual reductions, aiming to streamline operations and cut costs without significant disruptions or impacts on safety.

We are also targeting a step change in operating cost reduction by fully abandoning specific fields. This approach has been planned for some time. It requires substantial investment but promises significant savings in the long run. However, this is subject to capital availability and has been impacted by the constraints unexpectedly imposed by the Energy Profits Levy (EPL).

The EPL was originally targeted at the much larger operations of offshore oil and gas in the UK Continental Shelf but has been applied to Star Energy. Since its introduction and recent extension the EPL has represented a substantial drain on our cash flows available for investment in well abandonment.

Our focus remains on increasing profitability and, depending on oil price levels, lower production rates combined with strategic cost-cutting measures can lead to a more profitable business overall.

Q How are you working to maintain production levels within your asset base?

A The technical and operating teams collaborate to identify optimisation opportunities. These typically involve relatively small capital commitments that have an in-year payback. The opportunities are implemented using our own rigs, if necessary, and personnel, utilising our onshore expertise. Typically, incremental production increases are observed, which collectively mitigate the natural decline across the portfolio. An example of this is at Horndean where production has been increased by 67% – see case study on pages 14 and 15.

Q What steps are you taking to enhance the sustainability of your operations?

A We are committed to integrating sustainable practices across our operations. This includes investing in renewable energy projects, such as geothermal, which align with our strategic goals and contribute to a lower carbon footprint. We are also adopting advanced technologies and methodologies to reduce waste, improve energy efficiency, and minimise environmental impact. By leveraging our expertise in exploration and production, we seek to ensure that our operations are not only profitable but also environmentally responsible.

CASE STUDY

Croatian Geothermal Sector and Star Energy's Strategic Position

Croatia is emerging as a hotspot in the European geothermal market. Whether it is power generation or heat provision, the sector is seeing increasing investment, driven by the attractive geological setting of the Pannonian Basin and an investment friendly environment with strong government support for licences that are currently active.

> **We have exceptional geothermal potential, which, along with all other investments in energy infrastructure, represents an additional opportunity to strengthen energy independence and secure cheaper energy for our citizens and businesses, and to position Croatia on the energy map of Europe**
>
> Prime Minister Andrej Plenković

An Investor Friendly Environment

Croatia's geothermal sector is attracting increasing investment, with multiple projects in various phases of exploration and development. Government support is evident through accelerated issue of permits, licensing rounds and commitment of government funds to de-risking the sector. This has led to international players committing substantial capital to the Croatian geothermal market.

Star Energy's Strategic Position

Star Energy Group, with its local partner Peninsula International, has secured a significant presence in the Croatian geothermal market. In August 2023, Star Energy acquired a 51% stake in A14 Energy, which, through its subsidiary, IGeoPen d.o.o., holds the exploration licence for Ernestinovo. In October 2023, IGeoPen was awarded two additional geothermal exploration blocks, Pčelić and Sječe, further cementing its foothold in the region. Star Energy Group has since increased its shareholding to 71%.

IGeoPen's Expertise

The partners in IGeoPen, Star Energy and Peninsula bring highly complementary skillsets to the partnership. Star Energy brings extensive expertise in subsurface exploration, well engineering, drilling, and operations. The Peninsula team brings in-depth country experience, with key members having developed and constructed the 17.5MWe Velika Ciglena power generation facility, the first geothermal power plant in Croatia. IGeoPen's expertise is combined with an extensive Croatian dataset, de-risking the exploration phases of development.

→ **Read more**
https://www.starenergygroupplc.com/wp-content/uploads/2023/08/Geothermal-in-Croatia.pdf.

Key licences

Ernestinovo Licence:

- Covers 77 km² in the Pannonian Basin. Development includes a 10-15MW electricity generation plant.

Sječe Licence:

- Encompasses 33 km² with extensive existing data from nine legacy wells and a significant 2D and 3D dataset. Potential for a 15-20MW power plant.

Pčelić Licence:

- Spans 33 km² with measured temperatures reaching 207ºC. Plans for a 20-25MW power plant.

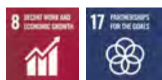
Increasing investment in the sector

- In May 2024, the Croatian Hydrocarbon Agency signed a €39.7m contract with Crosco to drill four geothermal exploration wells.
- Enna Group's proposed 20MW geothermal power plant near Slatina, a €140m project, is expected to be operational by 2028.
- Turkey's Soyak Group received a 25-year permit for the Legrad-1 geothermal project, with construction beginning in 2026 and operation commencing in 2028.

OUR STAKEHOLDERS

Understanding our stakeholders

We interact with a range of stakeholders every day. Building strong relationships with them involves listening and working in collaboration. This in turn creates mutually beneficial outcomes, ensuring that we earn and retain our social licence to operate.



Section 172 of the Companies Act sets out a number of general duties that directors owe to a company. These include a general duty requiring directors to act in a way in which they consider, in good faith, will promote the success of the company for the benefit of shareholders as a whole.

The Board has acted in a way that it considers to be most likely to promote the success of the Company for the benefit of its members as a whole and, in so doing, has regard for the potential impact of the Group's activities on its various stakeholders. Information and feedback are provided throughout the year to the Directors by the Group's Executive Directors, Executive Committee, senior management and external advisers through a variety of Board reports, presentations and ad hoc correspondence. These reports cover the Group's financial, operational and environmental performance, while Star Energy's advisers provide the Board with relevant insight from their interactions with their respective stakeholders.

Investors

Management recognises their responsibility to manage the capital contributed by investors to generate value for the Company's owners.

We adopt an open and transparent approach with our investors and they play an important role in helping shape our strategy and monitoring our governance. We interact through virtual and physical meetings (including the Annual General Meeting), calls and direct correspondence with a range of investors.

Our People

We recognise people are critical to our success and we are committed to ensuring Star Energy remains a great place to work. We have a strong set of values that underpin our way of working and provide a rewarding work environment, with opportunities for growth and learning while contributing to the delivery of our strategy.

At 31 December 2024, we employed a total of 133 staff and work hard to motivate and empower our people in a culture of mutual respect, support and personal responsibility. The talent, experience, diversity, and commitment of our people drive the success of our business. That is why "decent work and economic growth" is one of the United Nation's Sustainable Development Goals adopted by the Company.

Gender Diversity

F M **Excom:** 2024: 2/3 (66%) 2023: 3/5 (60%)
F M **Board:** 2024: 3/6 (50%) 2023: 3/7 (43%)
F M **Workforce:** 2024: 21/133 total (16%) (2023: 20/137) total (15%)

We strive to create a diverse and inclusive culture in which everyone feels welcome. We inspire and empower our people to make a positive difference in the workplace and beyond.

We are committed to the protection and promotion of human rights, treating all people involved in, or affected by, our operations and value chain around the world with dignity and respect at all times.

We ensure that:

- Health, Safety and the Environment are considered paramount throughout the organisation.
- Annual pay and benefit reviews are carried out to determine whether all levels of employees are benefiting fairly and to retain and encourage skills vital for the business.
- Annual performance reviews are conducted.
- There is competitive pay and employee benefits.
- There is ongoing necessary training, development and career prospects available.
- There are freely available Company policies, procedures and work instructions.
- Employees are informed of the results and important business decisions. This is carried out with "in person" Town Hall meetings together as well as individual team (through "Tool Box Talks") and one to one engagement.
- Monthly newsletters and management updates are provided.

The Remuneration Committee oversees and makes recommendations for executive remuneration and any long-term share awards. The Board encourages management to improve employee engagement and to provide necessary training in order to use their skills in the relevant areas in the business.

Partners

We collaborate with our joint venture partners, securing their support to deliver our asset plans. We value their contribution to the effective operational and financial management of our assets as we deliver on our business strategy.

Suppliers

The Board upholds ethical business behaviour across all of the Company's activities and encourages management to seek comparable business practices from all suppliers. As part of our on-boarding procedure, when we identify new suppliers, we request copies of their green, ethical and environmental policies, to ensure that any new engagements align to our core business values.

Communities

Making a positive contribution and appropriately managing our environmental impact in the communities in which we live and work remains a key part of our activities. Our communities provide a potential source of employees, contractors and support services, and are important in supporting Star Energy's social licence to operate and maintaining a positive reputation.

We engage with the local community in a number of ways: through the planning process, our Community Fund, community liaison groups and providing employment and work experience opportunities.

We adopt a 'whole of life approach' to our site selection with a methodology covering the entire lifespan of the operation – before, during and after production. To maintain our licence to operate, we continuously manage risk and proactively manage the impacts of our operations, not only in compliance with legislative requirements but also in tune with the high expectations of our stakeholders.

Government and Regulators

We take a constructive, positive approach to working with local authorities to ensure high quality planning applications are submitted. Similarly, we maintain positive and proactive relationships with government departments, such as the Department for Energy Security and Net Zero, via regular dialogue and correspondence.

We recognise people are critical to our success and we are committed to ensuring Star Energy remains a great place to work

Our Values

Respect

Respect is paramount, for our people, our environment, our partners and the safety of others.

Performance

Performing to the highest standards internally and externally and delivering against our targets.

Transparency

We are honest about what we do, how we do it and the challenges we face.

We are open to challenge, to discussion and to improving how we work to reflect our values.

Collaboration

We take on challenges and find solutions through mutual trust, knowledge sharing and teamwork.

Commitment

We are fully committed to preserving the environment and providing safe and healthy working conditions.

CASE STUDY

Enhancing production from mature fields

Throughout 2024, our focus has been on increasing profitability from our existing producing fields. We aim to do this by either investment in incremental production increases or reduction of gross operating costs or both. Incremental production increases are achieved through low-cost well intervention activities and stimulations. The Horndean field is a successful example of this approach.

Commenced production

1987

Increase in production from optimisation project

67%

Horndean

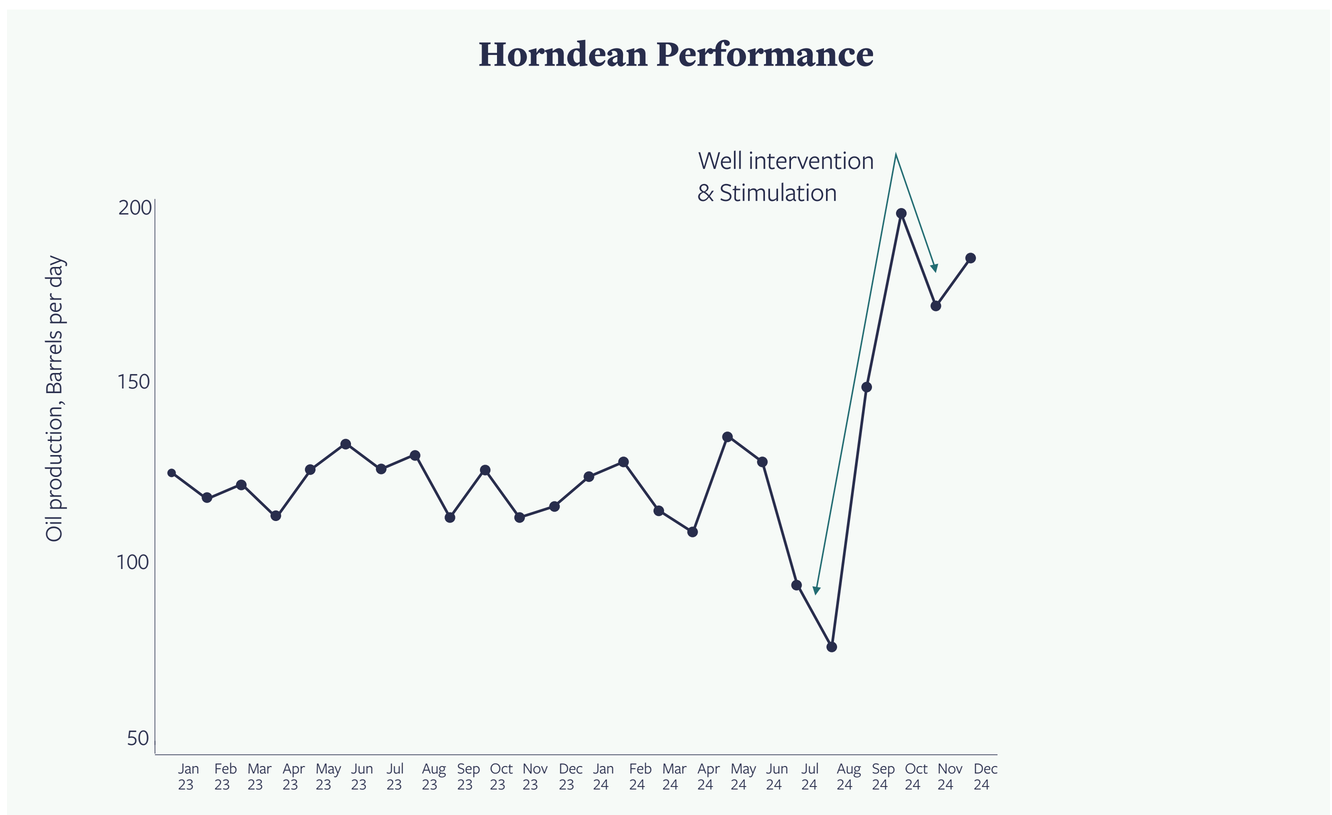
Located within the Weald basin, in Hampshire, Horndean is a mature asset which commenced production in 1987. Production had levelled to approximately 120 bopd. Our subsurface team identified some well acid stimulation opportunities in this carbonate reservoir from the Great Oolite formation. In July and August 2024, 2 wells (HNX2 and HNX3) underwent acid stimulation treatment. Further optimisation activity was performed at HNX2 with a workover enabling a full wellbore clean-out and deepening of the downhole pump. A third well (HNB2) was also stimulated through acid treatment in Q4 of 2024. This has led to a significant production rate increase in the field of 67% to approximately 200 bopd.

In addition, chemical treatments were applied to HNX2 and HNB2 wells with a goal of reducing the overall long-term well treatments and operational costs in the field. This has resulted in a c.25% reduction of operating costs per barrel.

Horndean performance

Horndean is a successful example of our ongoing optimisation programme where we identify opportunities to increase production and reduce long-term operating costs.

Given the significant improvement in oil recovery at the Horndean field, we look forward to extending this approach to similar fields in our portfolio, minimising the underlying natural decline and maximising asset values.



FINANCIAL REVIEW

Strengthening our balance sheet and improving resilience

Our focus for 2024 has been on strengthening our balance sheet, improving the resilience of our oil and gas business in the light of volatile commodity prices and positioning the Group for growth in the geothermal sector.

We secured a €25 million debt facility (provided by Kommunalkredit Austria AG (Kommunalkredit)) which, while primarily supporting the development of our geothermal energy business, also enables continued investment in the oil and gas business utilising existing cash flows. We also exchanged contracts for the sale of non-core land and the proceeds of £6.3 million were received in April 2025. We commenced a cost reduction initiative in our G&A costs and forecast material savings for 2025.

Production for the year averaged 1,989 boepd (2023: 2,100 boepd), in line with our production guidance. Brent oil prices remained stable until September when they came under pressure as a result of geopolitical tensions and concerns about demand. The average Brent price was $81/bbl in 2024 compared to $83/bbl in 2023. Sterling strengthened during the year with average GBP/USD rates of £1:$1.28 in 2024 compared to £1:$1.25 in 2023, negatively impacting our revenues which are mainly denominated in USD.

Revenues for the year were £43.7 million compared to £49.5 million in 2023, a reduction of £5.8 million reflecting lower commodity prices, particularly for gas and electricity, foreign exchange movements and lower volumes. The Group generated a net oil price hedging gain of £0.7 million for the year compared to a loss of £0.03 million in 2023. Other cost of sales decreased from £24.1 million in 2023 to £22.3 million in 2024 as reductions from cost savings, lower production and processing fewer third-party barrels more than offset inflationary increases. Underlying operating costs (which exclude third-party oil but include costs relating to leases capitalised under IFRS 16) were £32.8 ($42.0) per boe for the year (2023: £32.4 ($40.3) per boe).

	2024 £m	2023 £m
Revenues	**43.7**	49.5
Adjusted EBITDA[1]	**11.1**	16.1
Underlying operating profit[1]	**5.9**	9.1
Net cash from operating activities	**2.3**	17.2
Loss after tax	**(12.6)**	(5.5)
Net debt[1]	**7.5**	1.6
Cash and cash equivalents (excluding restricted cash)	**4.7**	3.9
Net assets	**42.6**	54.9

[1] These are non-IFRS alternative performance measures which are further explained on page 19.

Realised Price/Cost Per Barrel	2024 $	2023 $
Realised price per barrel	**77.5**	79.9
Administrative expenses per boe	**13.3**	12.0
Other operating costs (underlying)	**32.0**	30.0
Well services	**6.8**	7.2
Transportation and storage	**3.2**	3.1

Adjusted EBITDA was £11.1 million (2023: £16.1 million) and the underlying operating profit was £5.9 million (2023: £9.1 million), with the variance resulting primarily from a reduction in revenues.

Adjusted EBITDA **Reconciliation of (loss)/profit before tax to Adjusted EBITDA**	2024 £m	2023 £m
(Loss)/profit before tax	**(4.5)**	2.8
Net finance costs	**4.8**	4.4
Depletion, depreciation & amortisation*	**6.5**	8.3
Impairment of development costs	**4.3**	–
Exploration and evaluation assets impaired	**1.9**	0.5
Changes in fair value of contingent consideration	**(2.3)**	–
Goodwill impairment	**–**	0.1
EBITDA	**10.7**	**16.1**
Lease rentals capitalised under IFRS 16	**(1.9)**	(1.8)
Other expenses	**2.0**	–
Share-based payment charge	**0.2**	0.7
Unrealised (gain)/loss on hedges	**(0.4)**	0.5
Redundancy costs	**0.5**	0.1
Acquisition costs	**–**	0.5
Adjusted EBITDA	**11.1**	**16.1**
Related to oil and gas business segment	**15.1**	**19.1**
Related to Geothermal business segment	**(4.0)**	**(3.0)**

* Includes depreciation charge recorded in administrative expenses.

Underlying operating profit **Reconciliation of operating (loss)/profit to underlying operating profit**	**2024** **£m**	2023 £m
Operating (loss)/profit	**(1.9)**	7.2
Other expenses	**2.0**	–
Lease rentals capitalised under IFRS 16	**(1.9)**	(1.8)
Depreciation charge of right-of-use assets	**1.2**	1.3
Share-based payment charge	**0.2**	0.7
Impairment of development costs	**4.3**	–
Exploration and evaluation assets impaired	**1.9**	0.5
Goodwill impairment	**–**	0.1
Unrealised (gain)/loss on hedges	**(0.4)**	0.5
Redundancy costs	**0.5**	0.1
Acquisition costs	**–**	0.5
Underlying operating profit	**5.9**	**9.1**

	31 December 2024 **£m**	31 December 2023 £m
Debt (nominal value excluding capitalised expenses)	**(12.2)**	(5.5)
Cash and cash equivalents (excluding restricted cash)	**4.7**	3.9
Net debt	**(7.5)**	**(1.6)**

Restricted cash was £4.3 million (€5.2 million) which provides cash backing for the performance guarantees issued in relation to geothermal licence commitments in Croatia.

Income Statement

The Group recognised revenues of £43.7 million for the year (2023: £49.5 million). Oil revenue was £42.0 million compared to £44.8 million in 2023, reflecting lower prices and volumes and a stronger USD to GBP exchange rate. The average pre-hedge realised price for the year was $76.9/bbl (2023: $79.0/bbl). Gas revenues reduced to £0.2 million (2023: £1.9 million) due to lower gas prices and the permanent shut-in of gas-to-grid production at our Albury site. Electricity revenues declined by £0.6 million, primarily due to lower prices. Revenues relating to the sale of third-party oil also declined from £1.2 million to £0.3 million with the reduction relating mainly to lower volumes being processed in the year.

A gain of £0.7 million was recognised on oil hedges during the year (2023: loss of £0.03 million) with 201,400 bbls of fixed oil price contracts at an average price of $78.6/bbl (2023: 120,000 bbls at an average price of $88.1/bbl).

Cost of sales for the year were £28.8 million (2023: £32.3 million) including DD&A of £6.5 million (2023: £8.2 million), and other costs of sales of £22.3 million (2023: £24.1 million). Other costs of sales decreased by £1.8 million compared to 2023 mainly due to reduction in staff costs, lower workover and maintenance activity following the investment in our fields in 2023 and a reduction in third-party volumes being processed. The DD&A charge has decreased by £1.7 million mainly due to an increase in the proven and probable reserves as at 1 January 2024 as compared to 1 January 2023 and due to lower production volumes in the year.

Adjusted EBITDA in the year was £11.1 million (2023: £16.1 million). The gross profit for the year was £14.9 million (2023: £17.1 million).

Administrative costs remained largely consistent with prior year at £7.4 million (2023: £7.3 million). The increase in costs in the year due to redundancy payments, lower allocation to capital projects and inflationary increases was partially offset by a reduction in legal and professional costs, lower share-based payment charges and savings from cost reduction measures.

Research and non-capitalised development costs were £2.0 million (2023: £2.0 million), of which £1.6 million (2023: £1.6 million) related to our operations in Croatia, primarily for the re-entry and testing of a well on the Ernestinovo licence. These are early-stage costs which do not meet the criteria for capitalisation as development costs under IAS 38 Intangible Assets. The remainder of the costs mainly related to UK geothermal business development costs and expenditure on the NHS Trust geothermal projects, net of any grants received.

An impairment of development costs of £4.3 million (2023: £nil million) was recognised related to the Stoke-on-Trent geothermal project following the decision by SSE to change the focus of the project towards an 'Energy from Waste' project. The majority of the Stoke-on-Trent development costs arose as part of the GT Energy UK Limited acquisition. However, a significant portion of the consideration was based on achieving various milestones on that project and as a result of its cancellation, £2.3 million (2023: £nil million) of this contingent consideration provision was released.

Other expenses of £2.0 million (2023: £nil million) were incurred in the year in connection with preparing our Holybourne Oil Terminal site for sale. We exchanged contracts for the sale of the site in November 2024 with completion in April 2025.

Exploration and evaluation assets impaired of £1.9 million mainly represent costs incurred on PEDL 235 (Godley Bridge) where we decided not to renew that licence (2023: £0.5 million impairment of costs relating to our oil and gas assets where there was no further development prospect and trailing costs on previously impaired unconventional licences).

Net finance costs were £4.8 million (2023: £4.4 million) including interest and fees on borrowings of £1.1 million (2023: £1.2 million) and costs related to the performance guarantees issued in relation to licence commitments in Croatia of £0.4 million (2023: £0.1 million). Finance costs also included the unwinding of the discount on the decommissioning provision of £2.5 million (2023: £2.6 million) and interest charge on lease liabilities of £0.7 million (2023: £0.7 million). Net foreign exchange losses during the year were £0.1 million (2023: gain of £0.2 million) mainly arising from our Croatian operations.

A net tax charge of £8.1 million (2023: £8.3 million) was recognised during the year, mainly due to the reduction in the deferred tax asset relating to tax losses reflecting the decrease in the oil and gas reserves forecast (£6.1 million) and a current tax charge arising as a result of the Energy Profits Levy (£2.0 million).

Cash Flow

Net cash generated from operating activities for the year was £2.3 million (2023: £17.2 million). The reduction was primarily due to the decrease in cash inflows from revenue of £6.6 million, an increase in the cash outflows from operating costs, administrative expenses, including non-recurring legal and professional costs, and research and non-capitalised development costs of £8.6 million, partially offset by reduction in abandonment spend of £0.5 million.

The Group invested £5.7 million across its asset base during the year (2023: £8.5 million) primarily comprising of upgrades and a pipeline replacement at our Gainsborough site, optimisation projects across our portfolio to offset declines, rationalisation and decommissioning at our Holybourne site and general improvements across our fields.

The Group completed the refinancing of its borrowing facility during the year and secured a €25.0 million facility with Kommunalkredit Austria AG. Drawdowns were made primarily to repay the remaining balance under the reserves based lending (RBL) facility with BMO Capital Markets (BMO) of £5.5 million (€6.7 million), to provide cash backing for the performance guarantees issued in relation to licence commitments in Croatia of £4.3 million (€5.2 million) and to fund geothermal activity during the year. The amount drawn at the end of the year was £12.2 million (€14.8 million). Net debt at the end of the year was £7.5 million (2023: £1.6 million). In addition, the Group held £4.3 million (€5.2 million) of restricted cash in relation to the Croatian performance bonds.

Facility arrangement and other fees were £0.6 million and we paid loan interest of £0.5 million (2023: £0.8 million).

Balance Sheet

Net assets reduced by £12.3 million to £42.6 million at 31 December 2024 (2023: £54.9 million), primarily due to a reduction in the intangible assets, property, plant and equipment, deferred tax asset and trade and other receivables and an increase in borrowings (net of restricted cash) and corporation tax payable, partially offset by a reduction in provisions and trade and other payables.

Intangible assets reduced by £6.1 million due to the recognition of impairment charges of £4.3 million relating to the Stoke-on-Trent geothermal project and the impairment of exploration costs of £1.9 million primarily relating to the Godley Bridge licence as explained above.

Property, plant and equipment reduced by £3.3 million during the year to £70.7 million. The value of decommissioning assets reduced by £2.8 million as a result of management's reassessment of the decommissioning provision. Capital expenditure incurred in the year was £4.8 million and we recognised a DD&A charge of £5.3 million.

The provision for decommissioning costs decreased by £1.5 million (2023: £0.4 million) mainly as a result of abandonment activity undertaken during the year (£1.1 million), a reassessment of the remaining provision, primarily due to a change in the discount rate (£2.9 million) and the annual unwinding of the discount on the provision (£2.5 million). The provision for contingent consideration reduced by £2.3 million following the cancellation of the Stoke-on-Trent project as explained above.

Trade and other payables reduced by £4.2 million as a result of timing of activity on capital and abandonment projects. In addition, the balance at the end of the previous year included accruals in relation to costs associated with refinancing, well re-entry activity on the Ernestinovo licence in Croatia and a liability related to the award of the Sječe and Pčelić Croatian geothermal exploration licences. No similar balances were included in the accruals and other creditor balance at the end of the current year. Trade and other receivables reduced by £0.7 million mainly due to the decrease in receivables from joint venture partners.

The deferred tax asset reduced by £6.1 million from £37.2 million at 31 December 2023 to £31.1 million at 31 December 2024 mainly due to a change in forecast utilisation of available tax losses.

The Group recognised a current tax liability of £3.1 million at 31 December 2024 relating to the Energy Profits Levy charge for the years ended 2023 and 2024 (2023: £1.1 million).

The derivative asset of £0.4 million (2023: £nil) represents the fair values of the open commodity price hedges provided by counterparties with whom the trades have been entered into.

Going Concern

The Group continues to closely monitor and manage its liquidity. Cash flow forecasts for the Group are prepared on a monthly basis based on, inter alia, the Group's production and expenditure forecasts, management's best estimate of future oil prices and foreign exchange rates and the Group's available loan facility. Sensitivities are run to reflect different scenarios including, but not limited to, possible reductions in commodity prices, fluctuations in exchange rates and reductions in forecast oil production rates.

The current geopolitical climate and the impact of an increase in trade tariffs on the global economy has reduced crude oil prices in the first quarter of 2025, with volatility in oil prices and foreign exchange rates likely to continue whilst countries seek to negotiate trade agreements with the US.

The focus of the Group in 2024 has been to strengthen our balance sheet and improve our resilience to oil price volatility. We have generated strong operating cash flows in 2024 as a result of stable production and a continued effort to minimise operating costs. We have also carried out a reorganisation resulting in a material reduction in general and administrative costs going into 2025. The €25 million finance facility agreed with Kommunalkredit, and the sale of non-core land with the proceeds of £6.3 million being received in April 2025, further improve our liquidity position.

However, the ability of the Group to operate as a going concern is dependent upon the continued availability of future cash flows and the availability of the monies drawn under its loan facility, which is dependent on the Group not breaching the facility's covenants. To mitigate these risks, the Group benefits from its hedging policy with 146,200 barrels hedged for 2025 using swaps at an average price of $75/bbl.

The Group's base case cash flow forecast was run with average oil prices of $65/bbl for the remainder of 2025 and $70/bbl for 2026, foreign exchange rates of an average $1.31/£1 for the remainder of 2025 and $1.28/£1 for 2026. In this base case scenario, our forecasts show that the Group will have sufficient liquidity as well as sufficient financial headroom to meet the applicable financial covenants for the 12 months from the date of approval of the financial statements.

Management has also prepared a "severe but plausible" downside case, which reflects the possible impact of global economic uncertainties resulting in the oil price dropping to $55/bbl in Q2 2025 before recovering to $58/bbl in Q3 and Q4 2025, and to an average of $62/bbl in 2026. In this downside case management has assumed foreign exchange rates of an average $1.33/£1 for the remainder of 2025 and $1.33/£1 for 2026.

Our downside case also includes a reduction in production of 5% throughout the going concern period. In the event of a downside scenario, management has the ability to drawdown further under the loan facility as well as to take mitigating actions including delaying capital expenditure and reducing costs, in order to maintain liquidity and to remain within the Group's financial covenants over the remaining facility period, should such actions be necessary. All such mitigating actions are within management's control. In this downside scenario including mitigating actions, our forecast shows that the Group will have sufficient financial liquidity as well as sufficient headroom to meet its financial covenants for the 12 months from the date of approval of the financial statements. Management remain focused on maintaining a strong balance sheet and funding to support our strategy.

Based on the analysis above, the Directors have a reasonable expectation that the Group has adequate resources to continue as a going concern for at least the next twelve months from the date of the approval of the Group financial statements and have concluded it is appropriate to adopt the going concern basis of accounting in the preparation of the financial statements.

Frances Ward

Frances Ward
Chief Financial Officer

Non-IFRS Measures

The Group uses non-IFRS measures of performance that are not specifically defined under IFRS or other generally accepted accounting principles. The non-IFRS measures include net debt, adjusted EBITDA and underlying operating profit.

These non-IFRS measures are used by the Group, alongside IFRS measures, for both internal performance analysis and to help shareholders, lenders and other users of the Annual Report to better understand the Group's performance in the period in comparison to previous periods and to industry peers.

Net debt is defined as borrowings excluding capitalised fees less cash and cash equivalents and does not include the Group's lease liabilities or restricted cash.

Adjusted EBITDA and underlying operating profit includes adjustments in relation to non-cash items such as share-based payment charges and unrealised gain/ loss on hedges.

Lease costs for the period which have been capitalised under IFRS 16 have been added to underlying operating costs and deducted in the calculation of adjusted EBITDA.

KEY PERFORMANCE INDICATORS

Measuring our progress

Star Energy tracks both financial and non-financial metrics to help the Group manage its long-term performance and measure progress against its strategy.

Non-financial

Lost Time Injuries (LTI) (number)

One

The target of 0 LTIs was not met.

Any incident where injury occurs automatically triggers an in-depth review of our existing procedures and subsequent implementation of improvements.

Year	LTI
2024	One
2023	Two
2022	Two

Reasons for choice
Health and safety is of paramount importance to us in providing the highest level of protection to all our stakeholders.

How we measure
We measure Total Recordable Injury Frequency Rate (TRIFR) which records all injuries requiring medical treatment. We aim to have zero LTIs but when we do have an LTI this is fully investigated with clear remedial action as required and communication of learnings to the organisation.

Remuneration and strategy link
This measure is used to determine the level of annual cash bonus.

Progress on Development – asset optimisation, oil and gas opportunities and diversification

Year	Progress
2024	Restructuring led to significant reduction in G&A costs going into 2025. Continued with abandonment programme to enable cost reduction with 5 wells abandoned during the year. Established exploitation field on the Ernestinovo licence.
2023	Glentworth planning secured. Corringham project shovel ready. 3/5 NHS tenders awarded to date. Singleton workover complete.
2022	Glentworth planning submitted. Corringham EA permit granted. Submission to Green Heat Network Fund for Stoke-on-Trent geothermal. Geothermal tenders for five NHS Trusts.

Reasons for choice
The Group intends to play an important role in the UK's energy transition through the development of geothermal energy whilst maximising profitability in its existing business.

Entry into Croatian geothermal provides diversification and growth opportunities in an emerging European hotspot for the sector

How we measure
Progress against budgeted work programmes is tracked on a monthly basis and reported to the Board. Where progress is slower than expectations, actions are taken to understand the reasons and issues addressed.

Remuneration and strategy link
This measure is used to determine the level of annual cash bonus.

Financial

Production (boepd)

1,989 boepd

Year	Value
2024	**1,989 boepd**
2023	2,100 boepd
2022	1,898 boepd

Reasons for choice
The Group aims to maintain production levels to provide operating cash flow for funding of the Group. To ensure this target is met an appropriate level of capital investment is planned to mitigate against the underlying decline in our mature fields.

How we measure
Daily and weekly production is monitored for all producing assets and reported weekly to senior management and monthly to the Board. Monthly production forecasts are prepared during the year to measure progress against the production target.

Remuneration and strategy link
This measure is used to determine the level of annual cash bonus.

Operating Costs ($/boe)

$42.0/boe

Year	Value
2024	**$42.0/boe**
2023	$40.3/boe
2022	$41.5/boe

Operating costs per boe is a key focus for the Group as keeping costs low will improve the cash that we generate from our producing assets.

We successfully reduced operating costs from £24.1 million to £22.3 million during the year but the operating cost per boe metric was affected by lower production, including the loss of 80 boe from the planned shut-in of gas-to-grid production at Albury as this became uneconomic to produce.

Operating costs are monitored closely to ensure that budget targets are being met. Operating costs are reported on a monthly basis to the Board and actions are taken, as required, to control costs in line with the budget.

This measure is used to determine the level of annual cash bonus.

Operating cash flow before working capital movements

£8.8m

Year	Value
2024	**£8.8m**
2023	£15.0m
2022	£19.4m

Operating cash flow is key to providing funding for investing in the business as we pursue our growth strategy.

The reduction in cash flow for the year was primarily driven by lower revenues from lower commodity prices as well as lower production. Cash outflows for exceptional administrative costs related to the refinancing and other corporate activity also had an adverse impact for the year.

Operating cash flow is reported to the Board on a monthly basis. Forecasts are regularly updated and monitored to identify and address issues, as well as to ensure that the strategy of the business can be adequately funded.

This measure is used to determine the level of annual cash bonus.

RISK MANAGEMENT

Understanding the risks associated with our operations

Risk	Executive Ownership	Mitigation	Change
Strategic			
1. Exposure to political risk We operate in and may seek new opportunities in countries, regions and cities where political, economic and social change may take place. Political instability, changes to the regulatory or taxation environment, international trade disputes and barriers to free trade, international sanctions, expropriation or nationalisation of property, civil strife, strikes, insurrections, acts of terrorism or acts of war may disrupt or curtail our operations or development activities.	**CEO** Ross Glover	The Group engages with Governments of the UK and Croatia and other appropriate organisations, directly and through its trade body, UKOOG, and other industry associations, to ensure the Group is kept abreast of expected potential changes and takes an active role in making appropriate representations and actively participating in consultations. The Group also monitors geopolitical impacts on oil and electricity prices (see risks 12 and 13).	▲
2. Strategy performance Strategy fails to meet shareholder expectations.	**CEO** Ross Glover	Board oversees and signs off on all strategic business decisions. Management regularly communicates its strategy to shareholders.	–
3. Climate change Changes in laws, regulations, policies, obligations and social attitudes relating to the transition to a lower carbon economy could lead to higher costs, or reduced demand and prices for hydrocarbons, impacting the profitability of the Group. The transition away from carbon-based energy sources may restrict the future demand for, or cost of production of, the Group's oil and gas reserves (Medium to Long term).	**CEO** Ross Glover	The Group works closely with regulators to ensure that all required planning consents and permits for operations are in place and maintains continual dialogue with all stakeholders to understand emerging requirements. The Board actively reviews the Group's strategy to ensure it remains relevant and will provide long-term returns to shareholders. The Group's strategy includes transition into the geothermal energy market which it believes can form a key part of the UK's transition to net zero in 2050 developing a competitive advantage and distinguishing Star Energy from its peers.	–
4. UK decarbonisation targets and resulting heat prices Reduction in appetite for low carbon heat solutions.	**CEO** Ross Glover	The Group will only allocate material capital to projects with secured offtake agreements. Continued lobbying of Governments to provide geothermal support mechanisms.	–
5. Cyber security Exposure to a serious cyber-attack which could affect the confidentiality of data, the availability of critical business information and cause disruption to our operations.	**CEO** Ross Glover	The Group outsources its provision of IT equipment and help desk services to a third-party and ensures that staff are trained in security awareness. The Group has been accredited with Cyber Essential Plus which demonstrates commitment to cyber security.	–
Operational			
6. Planning, environmental, regulatory, licensing and other permitting risks Planning, environmental, licensing and other permitting risks associated with operations and, in particular, with drilling and production operations.	**CEO** Ross Glover	The Group considers that such risks are partially mitigated through compliance with regulations, proactive engagement with regulators, communities and the expertise and experience of its team. Maintain continual dialogue with local authorities to understand requirements.	–
7. Failure to deliver production targets / reduction in estimated reserves Oil or gas is not produced in the anticipated quantities from any or all of the Group's assets or that oil or gas cannot be delivered economically.	**CEO** Ross Glover	The Group considers that such risks are mitigated given that its producing assets are located in established oil and gas producing areas, there is a portfolio of producing assets and its operating staff have extensive expertise and experience. The Company seeks to diversify its revenue streams.	–

Key to Direction of Change

Increase | Decrease | No change

Risk	Executive Ownership	Mitigation	Change
Operational continued			
8. Project Delivery Risk of delays in project delivery, higher cost of project delivery and lower than forecast output of projects delivered.	**CEO** Ross Glover	Each project is delivered in accordance with our gated delivery assurance framework and has a clear delivery framework. Delivery against the project objectives, timeline and costs are regularly monitored. Permitting and regulatory requirements are key items considered in any complex project management. Risks being faced are discussed and where appropriate risk mitigation steps implemented.	No change
9. Failure to achieve targeted geothermal production rates	**CEO** Ross Glover	The Group considers that such risks are mitigated by targeting suitable geothermal project locations. The Group has extensive relevant expertise and experience.	No change
10. Loss of key staff Loss of key staff.	**CEO** Ross Glover	The Remuneration Committee regularly evaluates incentivisation schemes to ensure they remain competitive. The Company seeks to build depth of experience in all key functions to ensure continuity and carries out succession planning for key roles.	No change
11. Pandemic Exposure to a global pandemic, such as COVID-19, that leads to reduction in staff availability, disruption to the Group's operations and delays to the supply chain.	**CEO** Ross Glover	The Group has business continuity plans in place to manage any disruption to operations. These include procedures to ensure staff are kept healthy and safe and that the Group complies with all guidance issued by the Government. Office staff work from home where appropriate and the necessary technology and equipment are in place to maintain this. Liaison with all regulators to ensure that the Group remains compliant with all permits and regulatory standards.	No change
Financial			
12. Oil market price risk Exposure to market price risk through variations in the wholesale price of oil in the context of the production from oil fields it owns and operates.	**CFO** Frances Ward	The Board seeks to underpin the Group's future cash flows by entering into a hedging programme as appropriate. The Board continues to monitor the benefits of such hedging.	Increase
13. Electricity market price risk Exposure to market price risk through variations in the wholesale price of electricity in the context of its future production volumes.	**CFO** Frances Ward	The Board monitors the benefit of entering into contracts at the appropriate time to protect against electricity price volatility.	No change
14. Exchange rate risk Exposure to exchange rate risk through its major source of revenue in US$ and its borrowings being priced in Euros, with costs being denominated in Sterling and Euros.	**CFO** Frances Ward	The Board monitors the cash flows and currency exposures of the Group. Exchange rate hedges are executed as appropriate to mitigate the exchange rate risk.	Increase
15. Liquidity risk Exposure, through its operations, to liquidity risk.	**CFO** Frances Ward	The Board regularly reviews the Group's cash forecasts and the adequacy of available facilities to meet the Group's cash requirements.	No change
16. Capital risk The Group is exposed to capital risk resulting from its capital structure, including operating within the covenants of its loan facility.	**CFO** Frances Ward	The capital structure is continually monitored to ensure it is in line with the business needs and ongoing asset development. Further details of the Group's capital management policy are disclosed in note 23 to the consolidated financial statements.	No change

SUSTAINABLE AND RESPONSIBLE BUSINESS

A socially and environmentally responsible energy producer.

Environmental and social responsibility are central to our vision, strategy and day-to-day operations.

The United Nations' Sustainable Development Goals (SDGs) form a universal blueprint for achieving a better and more sustainable future for all by 2030.

Engaging with Society

Maintaining the Group's profitability is the core foundation which affords us the opportunity to engage sustainably with Society.

Guided by moral principles and values, we make ethical decisions, manage risk and conduct our business in full compliance with all legal and regulatory requirements, in a way that achieves a balance between environmental, societal and economic needs.

We train employees on anti-corruption, bribery, Modern Slavery, Unconscious Bias and Equality and Diversity.

Read more:
Our Modern Slavery statement can be found at:
https://www.starenergygroupplc.com/modern-slavery-transparency-statement/

UN Global Compact

The UN Global Compact (UNGC) is the world's largest corporate sustainability initiative which aims to support companies to do business responsibly by aligning their strategies and operations with the Ten Principles on human rights, labour, environment, and anti-corruption. Alongside this, the Compact actively encourages further action regarding the UNSDGs, emphasising collaboration and innovation to advance broader societal goals. Star Energy joined as a signatory to the Global Compact in 2021 and fulfils the three requirements within the annual Communications on Progress (CoP); stating our continued support for the UNGC; describing the actions taken by the company and measuring the outcomes.

Health & Safety

We acknowledge and prioritise our obligation to act responsibly and safeguard the health, safety, and wellbeing of both staff and contractors involved in the support of our operations. This is accomplished by managing our operations in a manner that prioritises people through effective engagement, communication, and training.

We continually endeavour to reinforce the common understanding that everyone has a vital role to play in maintaining safe operations by the consistent application of the principles of risk management and process safety. We strive to eliminate injuries to people working on our operations and any incident where a near miss or injury occurs automatically triggers an in-depth review of our existing procedures and subsequent implementation of improvements.

Throughout 2024, we continued our safety related campaigns and they have had a measurable beneficial impact, reducing incident rates and improving quality.

We have completed our migration onto a Competency and Qualification Portal. This one portal replaced numerous different platforms and acts as a single source for a broad range of competencies and qualifications.

We are determined to play a vital part in the UK energy transition and lowering our impact on the environment is a key step in that journey

During 2024, we moved from a paper-based to an online Permit-to-Work system. This online system ensures that permits are always completed to a consistent standard, allows for continual development and improvement of permits, and provides operational managers improved visibility of the activities that are being conducted in the field. The system, successfully rolled out in March 2024, is now firmly embedded within our processes.

We continue to ensure our colleagues have access to affordable healthcare and aim to achieve top quartile industry performance on our occupational safety measures.

Our programme of Emergency Response Exercises continued throughout 2024. Regularly testing our response plans ensures that they constantly improve and that they work in the event of an emergency.

Environment

We are determined to play a vital part in the UK energy transition and lowering our impact on the environment is a key step in that journey.

We operate in a highly regulated environment and there are strict rules in place to help us monitor and minimise our impact. We maintain an effective Management System with comprehensive systems and processes to manage and assess environmental risk.

Climate Change and GHG Emissions

Climate action is now a global priority, with the UK committing to bring all greenhouse gas emissions to net zero by 2050. Star Energy is resolved to being part of that transition, delivering low-carbon solutions such as geothermal whilst delivering domestic oil in a responsible way, constantly looking to reduce its impact on the environment.

Star Energy recognises the risk that climate change poses to society and to its business.

We support the UK's transition to a low carbon economy, through the responsible development and production of domestic onshore oil and gas in alignment with the Committee on Climate Change recommendations and also through our investment in low carbon technologies such as geothermal.

Our approach to managing our GHG emissions involves:

- The efficient operation of our existing equipment and infrastructure, including minimising flaring and venting; and
- The installation of best available technology into all new projects to minimise their carbon intensity.

Star Energy complies with all of its environmental permits in respect to emissions.

		2022	2023	**2024**
Scope 1 emissions	kg CO_2 Eq./MWh[1]	23.50	23.33	**24.36**
Scope 2 emissions	kg CO_2 Eq./MWh	0.156	0.149	**0.272**

Streamlined Energy and Carbon Reporting (SECR) Disclosure

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 implement the Government's policy on SECR, requiring disclosure of the environmental performance of the Group's assets through calculating the Group's GHG emissions. Our disclosure presents our carbon footprint across Scope 1 and 2 together with an appropriate intensity metric and total energy use.

Methodology

GHG emissions are quantified and reported according to the Greenhouse Gas Protocol. Consumption and production data has been collated and converted into CO_2 equivalent using the UK Government 2023/4 Conversion Factors for Company Reporting to calculate emissions from corresponding activity data. To collect both consumption and production data, the Group has reviewed emissions data related to production, electricity purchases, fuel purchases related to mileage in group-owned vehicles as well as staff expenses related to business mileage in private vehicles.

This information has been prepared in accordance with the GHG Protocol's Guidance. Data collected relates to the most recent 12-month period where data was available.

The GHG sources that constitute our operational boundary for the reporting period are:

- Scope 1: Direct emissions from Company owned and controlled resources;
- Scope 2: Indirect emissions from purchased energy

Energy Efficiency Action

The Company continually strives to improve its operational energy efficiency, and we are committed to identifying, monitoring, and mitigating any negative impact we may have on our surrounding environment.

We are refining our process for calculating our Scope 1 emissions to better understand and report on these. Our Scope 2 emissions have increased due to an increase in purchased electricity in 2024.

During 2024, we completed opportunities to lower our GHG emissions, including:

- At Cold Hanworth, a new, hotter flare which reduces emissions, has been commissioned.
- All our diesel vehicles now run on HVO Fuel.

Projects matured during 2024 for implementation during 2025 include:

- Our Singleton Gas-to-Wire project advanced during 2024 and we are on schedule to install in Q4 2025;
- Having completed detailed measurements of gas flow at our Horndean sites, projects to install flares at two sites has commenced; and
- A project to improve the efficiency of gas use at the Welton Gathering Centre to generate more heat and so further aid separation.

The company is continually reviewing its energy consumption and developing new technologies such as geothermal with the aim of delivering on-going reductions in emissions and thereby reducing its emissions intensity ratio.

1 Previous years emissions were reported in the relatively industry specific metric of kg CO_2 Eq./boe. From 2023, emission calculations are presented as kg CO_2 Eq./MWh, as it is the more common metric for environmental performance, used by a broad range of industries.

CORPORATE GOVERNANCE STATEMENT

Introduction to governance

Dear Shareholder,

As Chair of the Company ("Chair"), I have overall responsibility for ensuring the Company's profitability is achieved in a responsible manner and that good corporate governance is embraced by Star Energy and the Group as a whole. In doing so, I work with, and consider, the views of all Board members, the Executive Committee ("Excom") and the Company's advisers. The Board is fully committed to ensuring that high standards of governance, values and behaviours are consistently applied throughout the Group, helping to ensure the integrity of our business, the successful delivery of our strategy and the long-term success of the Group as a whole.

The Company continues to adopt and comply with the Quoted Companies Alliance Corporate Governance Code ("QCA Code") and implement its ten principles of corporate governance. We report our compliance with the QCA Code through pages 27 to 29 of this annual report and accounts 2024 for Star Energy ("2024 Annual Report") and the Corporate Governance section of our website.

Governance for us includes a broad number of structures, activities and controls, as well as different levels of accountability and responsibility. In light of the adoption by the Group of the updated QCA Code which was published in November 2023, the Company continues to review its Corporate Governance policies and best practices to ensure compliance with the revised principles.

I have therefore set out below how the QCA Code is applied by the Company and, where the Company does not comply fully with the expectations of the QCA Code, an explanation of the reasons for doing so. We have reviewed our position when preparing the 2024 Annual Report and accounts and sought to identify any significant changes in our corporate governance over the previous 12 months. During this process we have also considered our governance framework and whether it should evolve further in line with the Group's development and the revisions to the QCA Code.

Throughout the year the Company continued to engage with its shareholders and stakeholders on the current position of the business and its future strategy. Further information on our stakeholder engagement can be found on pages 12 and 13. Our primary means of communicating the Group's corporate governance structure is through the 2024 Annual Report and various disclosures made on our website. Nevertheless, where specific questions are raised by private individual shareholders and institutional investors, we engage directly with those shareholders, principally through the Chief Executive Officer and Chief Financial Officer.

We seek to communicate our corporate culture through staff presentations and inductions. We rely on our management structure and our internal reporting structures to assess whether these core values have been respected by monitoring our internal compliance on an ongoing basis. We seek to promote our core values of: (i) respect for our people, environment, partners and the safety of others; (ii) performing to the highest standards internally and externally to deliver against our targets; (iii) collaboration through mutual trust, knowledge sharing and teamwork; (iv) commitment to the preservation of the environment whilst providing safe and healthy working conditions; and (v) transparency by being honest about what we do, how we do it, and the challenges we face.

Star Energy is committed to diversity, including gender diversity and we have three women on the Board and a further two women in senior management roles. Following the appointment of Aneliya Erdly and Anthony White in December 2023, Doug Fleming stepped down from the Board and the Audit Committee in January 2024. Therefore, the Board still exceeds the best practice recommendation of the QCA Code in having four independent Non-executive Directors on the Board comprising c.67% of the Board.

On 04 June 2024, Chris Hopkinson stepped down from the Board and his CEO position and was replaced by Ross Glover as CEO. Ross was appointed to the Board on 12 June 2024.

The Board continues to review the composition of the Board and the Committees as the Company grows and evolves, and will consider to re-balance the Board and Committees' membership as and when necessary. In accordance with the QCA Code, each member of the Board stands down and subsequently stands for reappointment at the annual general meeting.

I look forward to welcoming you to our annual general meeting on 19 June 2025.

Philip Jackson
Non-executive Chairman

Corporate Governance Principles Applicable to Star Energy

The ten QCA Code corporate governance principles, which apply to Star Energy, are:

1. Establish a purpose, strategy and business model which promote long-term value for shareholders
2. Promote a corporate culture that is based on ethical values and behaviours
3. Seek to understand and meet shareholder needs and expectations
4. Take into account wider stakeholder interests, including social and environmental responsibilities, and their implications for long-term success
5. Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation
6. Establish and maintain the board as a well-functioning, balanced team led by the chair
7. Maintain appropriate governance structures and ensure that, individually and collectively, directors have the necessary up-to-date experience, skills and capabilities
8. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement
9. Establish a remuneration policy which is supportive of long-term value creation and the company's purpose, strategy and culture
10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other key stakeholders

Application of the QCA Code

The Company has adopted the QCA Code since 2018 on the basis that it is the corporate governance code most suited to our requirements, size, strategy, resources and stage of development. It offers a flexible but rigorous outcome-oriented framework in which we can continue to develop our governance model to support our business.

The QCA Code requires us to apply the principles set out on this page and to publish certain related disclosures in our 2024 Annual Report, on our website, or a combination of the two. We have followed the QCA Code's recommendations and have therefore provided disclosure relating to Principles 1, 5 and 6, as well as 7, 8 and 10 in the 2024 Annual Report, those aspects of Principles 2 and (where not covered in the 2024 Annual Report) 10 recommended to be disclosed in the corporate governance statement on our website. We cover all aspects recommended to be disclosed by the QCA Code in respect of those principles, and the remaining principles not discussed in the 2024 Annual Report, in the corporate governance statement on our website at **http://www.starenergygroupplc.com/investors/corporate-governance/**

Strategy and Business Model – QCA Principle One

The Group's strategy and business model is described in the Strategic Report on **pages 1 to 25**.

Effective Risk Management – QCA Principle Five

The Group embeds risk management throughout the organisation and this is described on **pages 22 and 23**.

Board Balance – QCA Principle Six

See **page 33** for information on those Directors who are considered to be independent, the time commitment required for Directors to conduct their role and the number of meetings of the Board, its committees and the relevant Directors' attendance record. The QCA Code recommends that all directors stand for re-election annually and, in compliance with this, all of the Directors of the Company will stand for re-election at the upcoming Annual General Meeting.

Board Structure and Skills – QCA Principle Seven

Information on each of the Directors is provided on **pages 30 and 31**.

The Board, led by the Chair, has the necessary skills and knowledge to discharge their duties and responsibilities effectively, setting clear expectations and ensuring stringent measures for corporate governance standards are met, particularly in relation to executive remuneration, accountability and audit.

The Executive and Non-executive Directors' skill sets are complementary, and together provide a blend of commercial, operational, legal, and financial expertise. The skill set is suitably broad and sufficiently high calibre such that all decision making at Board level is robust and mindful of the fiduciary responsibilities that need to be discharged to all shareholders. In addition, the Directors are aware of the importance of keeping abreast of the industry's current activities and attend conferences and events throughout the year to keep their skills, contacts and knowledge current and simultaneously engage with governments, global operators and service providers in the sector.

Details of the Company's advisers can be found on the Company's website at: **https://www.starenergygroupplc.com/investors/registrars-and-advisors/**

See the corporate governance statement on our website for further details of the internal advisory responsibilities performed by certain individuals in advising and supporting the Board.

Board Effectiveness – QCA Principle Eight

The Board considered the need for an evaluation exercise during 2024 and concluded that the Board was performing well at present and that it would give consideration as to the appropriateness and manner of conducting a formal evaluation exercise in 2025.

The Chair has responsibility to lead the Board effectively and to oversee the adoption, delivery and communication of the Company's corporate governance model. It is imperative that the relationship between all Board members and the Excom, remains collaborative, cordial and robust. The Board members work together in the best interests of the Company, while remaining comfortable to engage in rigorous and constructive debate. There is a strong flow of communication between the Directors, with consideration being given to both standing agenda items and the strategic and operational needs of the business.

As a Board we consider the independence of all members and have an effective conflict of interests procedure in place. Any conflicts are declared by Directors at the commencement of each Board meeting and appropriate information protocols are put in place in order to govern information flows. Comprehensive board papers are circulated in advance of meetings, giving Directors due time to review the documentation and enabling an effective meeting. Minutes are drawn up to reflect the true record of the discussions and decisions made. Resulting actions are tracked for appropriate delivery and follow up.

The Board has a formal schedule of matters reserved for it to decide on, which is available on our website.

The Directors have a wide knowledge of the Company's business and understand their duties as Directors of a company quoted on AIM. The Directors have access to the Company's Nominated Adviser ("Nomad"), auditors and solicitors as and when required. The Company's Nomad provides annual boardroom training on the AIM Rules and its governance requirements. These advisers are available to provide formal support and advice to the Board from time to time and do so in accordance with good practice. The General Counsel and Company Secretary has frequent communication with the Chair and is available to other members of the Board as required. The Directors are also able, at the Company's expense, to obtain advice from external advisers if required.

The Board is committed to ensuring effective succession planning. The Nomination Committee is responsible for reviewing Board and senior management succession planning to ensure that the Company has the appropriate level of skills and diversity. Where appropriate, the Nomination Committee uses external advisers to assist with candidate identification and benchmarking. Following the appointment of Aneliya Erdly and Anthony White in the previous year, on 23 January 2024, Doug Fleming stepped down from the Board and the Audit Committee. On 4 June 2024, Chris Hopkinson stepped down from the Board and his CEO position and was replaced by Ross Glover as CEO. Ross was appointed to the Board on 12 June 2024.

As noted in the Chair's introduction on page 26 of the 2024 Annual Report, Star Energy is committed to diversity, including gender diversity, and we have three women on the Board and a further two women in senior management roles. Further, the Board exceeds the best practice recommendation of the QCA Code in having four independent Non-executive Directors on the Board comprising c.67% of the Board.

The Nomination Committee continues to ensure that there is a robust succession plan for the Excom and senior management positions.

The Excom and, at a more junior level, senior departmental managers address progression of employees through annual appraisals and competency reviews.

Governance and Shareholder Dialogue – QCA Principle Ten

See below for an overview of the work of the committees of the Board undertaken in 2024.

See pages 36 to 39 of the 2024 Annual Report for the Remuneration Committee Report.

Consistent with previous years, the 2024 Annual Report does not include a separate Audit Committee Report. However, page 34 of the 2024 Annual Report outlines the key areas of focus of the Audit Committee in the year ended 31 December 2024. The Group will keep under review whether it is necessary and appropriate to make further disclosures under the QCA Code, either through a report of the Audit Committee or more likely in sections of the next Annual Report.

How We Manage Our Company

The Board
The Board is responsible for the overall governance of the Group. Its responsibilities include reviewing and approving the Group's strategy, risk management, budgets, major items of capital expenditure and senior personnel appointments.

Read more **on pages 30 and 31**.

Executive Committee (Excom)
The Excom is responsible for the day-to-day running of the operational business with a focus on performance management and ensuring that the Group's key performance indicators are being met.

Read more on **pages 32**.

Audit Committee
The Audit Committee is responsible for monitoring and reviewing the integrity of the financial reporting processes and ensuring the financial statements give a true and fair view of the Company. Whilst the Board is ultimately responsible for risk management and internal controls in the Company, the Audit Committee is responsible for ensuring that executive management takes responsibility for internal controls being appropriately designed and are both efficient and effective in practice. In addition to its natural focus on the preparation of the Company's Annual Report and Accounts and condensed consolidated interim financial statements, the Audit Committee monitors the integrity of the Company's broader corporate reporting, risk management systems (including the identification of future opportunities) and internal control environment, and has a continued role in determining the Company's approach to risk and the extent to which the Company is willing to take risks.

Read more on **pages 33 and 34**

Remuneration Committee
The Remuneration Committee is responsible for determining and agreeing the remuneration policy for the Executive Directors and senior managers.

Read more on **page 34**

Nomination Committee
The Nomination Committee is responsible for reviewing the size, structure and composition of the Board and ensuring the balance and expertise of the Board remains appropriate to meet the needs of the Company.

Read more on **pages 34 and 35**

BOARD OF DIRECTORS

Driving the transition

Philip Jackson
Non-executive Chair

Appointed 2023

Skills and Experience
Mr Jackson retires at the AGM and offers himself for reappointment. Having carefully considered his reappointment, the Nomination Committee considers that his performance remains effective, particularly having regard to his responsibilities as Non-executive Chairman.

Mr Jackson has over 35 years' experience in investments and corporate finance in energy and infrastructure projects.

Mr Jackson's career has included 24 years as an investment banker where he headed JP Morgan's Energy and Infrastructure businesses in Asia before setting up its $900 million Asian infrastructure fund. For a decade until March 2020 he was a partner of Kerogen Capital Partners Limited, a specialist investor in upstream oil, gas and renewable energy. Since then, he has focused increasingly on the path to decarbonisation and has worked closely with the Company's management to chart a profitable energy supply transition, leveraging the Group's multiple relevant technical and operational skills across the energy supply chain. Until May 2024 he was a senior advisor to Arctic Green Energy Corporation (one of the world's leading geothermal and district heating businesses, primarily in Asia). Until April 2025 he was also chairman of OneWater Group Limited which provides utility water treatment technologies around the world. He started his career with the energy team at Ashurst LLP before moving to its client Trafalgar House plc, then one of the UK's leading independent oil and gas companies whose portfolio included multiple onshore assets now owned by Star Energy.

Mr Jackson is a Fellow of the Energy Institute. He graduated with an MA in law from the University of Cambridge and qualified as a solicitor of the Supreme Court in England.

Ross Glover
Chief Executive Officer

Appointed 2024

Skills and Experience
Mr Glover retires at the AGM and offers himself for reappointment. Having carefully considered his reappointment, the Nomination Committee considers that his performance remains effective, particularly having regard to his responsibilities as Chief Executive Officer.

Mr Glover was appointed CEO in 2024, having been COO since 2023 and before that responsible for both new business and project development since he joined the Company in 2017.

Prior to joining the Company, he ran a UK-based renewable energy project development company with a focus on onshore wind. Ross started his career in Southern Africa managing capital projects in the mineral processing and mining sector. After moving to the UK in 2003, he worked for one of the UK's largest public sector leasing and managed equipment services companies where he was responsible for corporate acquisitions, disposals and structured finance.

Ross holds a BSc in Mechanical Engineering from the University of Cape Town and an MBA from Warwick Business School.

Frances Ward
Chief Financial Officer

Appointed 2022

Skills and Experience
Ms Ward retires at the AGM and offers herself for reappointment. Having carefully considered her reappointment, the Nomination Committee considers that her performance remains effective, particularly having regard to her responsibilities as Chief Financial Officer.

Ms Ward is a qualified accountant with over 15 years' senior management experience within the international oil and gas sector. Ms Ward's previous experience includes 11 years at Nexen Energy in various senior finance roles in London and internationally. Ms Ward joined the Company in 2017 as Group Financial Controller, then assuming overall responsibility for the finance function as Finance Director in July 2020 and was appointed as Chief Financial Officer in September 2022.

Committee Member Key

A Audit Committee

R Remuneration Committee

N Nomination Committee

Chair

Member

Kate Coppinger

Non-executive Director

Appointed 2022

Skills and Experience

Ms Coppinger retires at the AGM and offers herself for reappointment. Having carefully considered her reappointment, the Nomination Committee considers that her performance remains effective, particularly having regard to her responsibilities as Non-executive Director.

Ms Coppinger is a non-executive director of Serica Energy plc, an AIM-listed independent UK natural gas producer. Ms Coppinger initially worked for CIBC World Markets as a research analyst before joining Harrison Lovegrove in 2000 where she moved into transaction execution. Following the acquisition of Harrison Lovegrove by Standard Chartered Bank in September 2007, Ms Coppinger continued in oil and gas M&A transactions. In 2014, she was appointed Managing Director, Oil & Gas Corporate Finance, where she was responsible for origination and execution of transactions for European clients, a position she held until leaving Standard Chartered Bank in 2020.

Aneliya Erdly

Non-executive Director

Appointed 2023

Skills and Experience

Ms Erdly retires at the AGM and offers herself for reappointment. Having carefully considered her reappointment, the Nomination Committee considers that her performance remains effective, particularly having regard to her responsibilities as Non-executive Director.

Ms Erdly is a highly experienced energy executive with over 18 years in power projects execution and asset management. She brings a wealth of expertise in building from scratch and running renewable energy generation businesses, as well as in assisting businesses with their energy transition strategies. Ms Erdly is currently a Strategic Advisor to NTR PLC, a successful fund manager that has invested in and built close to 3GW of renewables assets across Europe and the US. She also sits on the investment committee of Globeleq – a power industry leader with a focus on emerging markets. Prior to this Ms Erdly was a CEO of Silver Ridge Power, a multi-billion renewables portfolio company of Riverstone and The AES Corporation. In addition, she has held executive, non-executive and advisory positions with The AES Corporation, Trafigura, Eco Atlantic Oil and Gas, the International Finance Corporation and KPMG.

Anthony White, MBE

Non-executive Director

Appointed 2023

Skills and Experience

Mr White retires at the AGM and offers himself for reappointment. Having carefully considered his reappointment, the Nomination Committee considers that his performance remains effective, particularly having regard to his responsibilities as Non-executive Director.

Mr White has over 35 years' experience in international power markets and low carbon economy from capital markets analytical and industry strategy roles. His key responsibilities included being lead analyst for the top ranked energy team at investment bank, James Capel, who advised the UK Government on privatising the power sector. As Head of Citigroup's pan-European power team he also oversaw market liberalisation in other European markets. He was also National Grid's Group Head of Strategy in the 1990's. In 2003, Anthony was one of the founders of Climate Change Capital, a specialist low carbon advisory and asset management business. He has been heavily involved in UK energy and power market policy participating in numerous UK Government advisory bodies including the Energy Advisory Panel, Commission on Environmental Markets and Economic Reform, Energy Networks Strategy Group and the Nuclear Liability Financing Assurance Board. Mr White was awarded an MBE in 2004 for services to UK energy policy and is currently a Non-executive Board Director of Green Energy Options.

EXECUTIVE COMMITTEE

Ross Glover
Chief Executive Officer

Skills and Experience

Mr Glover was appointed CEO in 2024, having been COO since 2023 and before that responsible for both new business and project development since he joined the Company in 2017.

Prior to joining the Company, he ran a UK-based renewable energy project development company with a focus on onshore wind. Ross started his career in Southern Africa managing capital projects in the mineral processing and mining sector. After moving to the UK in 2003, he worked for one of the UK's largest public sector leasing and managed equipment services companies where he was responsible for corporate acquisitions, disposals and structured finance.

Ross holds a BSc in Mechanical Engineering from the University of Cape Town and an MBA from Warwick Business School.

Frances Ward
Chief Financial Officer

Skills and Experience

Ms Ward is a qualified accountant with over 15 years' senior management experience within the international oil and gas sector. Ms Ward's previous experience includes 11 years at Nexen Energy in various senior finance roles in London and internationally. Ms Ward joined the Company in 2017 as Group Financial Controller, then assuming overall responsibility for the finance function as Finance Director in July 2020 and was appointed as Chief Financial Officer in September 2022.

Thamala Perera Schuetze
General Counsel and Company Secretary

Skills and Experience

Thamala is a General Counsel with 25 years' experience. Prior to the reverse takeover of Star Energy Group Limited (then a wholly-owned subsidiary of PETRONAS) by the Company in 2011, Thamala was a member of the management team and the General Counsel responsible for the European Infrastructure Group of PETRONAS, with a primary focus on gas storage.

Thamala was called to the Bar of England and Wales in 2000 and during her career has held (among others) positions at the regulator, Ofgem, where she advised on electricity, gas and LNG projects and at Freshfields Bruckhaus Deringer LLP in the telecoms sector.

Thamala holds a Master of Laws (LLM) in European Law from King's College London.

CORPORATE GOVERNANCE

The Directors are committed to meeting high standards of corporate governance believing that the QCA Code provides the Company with the right framework to maintain a strong level of governance.

The Company has adopted a code of dealings in securities which the Board regards as appropriate for an AIM listed company and is compliant with the UK Market Abuse Regulations. The Company takes all reasonable steps to ensure compliance by the Directors, employees and agents with the provisions of the AIM Rules relating to dealings in securities.

The Board has in place Audit, Remuneration and Nomination Committees, all of which have specific mandates contained in approved terms of reference. These cover the composition, key activities and responsibilities of the relevant committee, are reviewed annually, and can be viewed on our website. All committees are committed to reporting back to the Board following a committee meeting. The membership of each of the committees is set out below.

The Board and its Committees

There are four independent Non-executive Directors on the Board. Biographies of all the Directors are included within the 2024 Annual Report on **pages 30 and 31**.

The Board retains full and effective control over the Group. The Board meets regularly to consider reports on the operational and financial performance of the Group and to decide on matters reserved unto itself, which include reviewing and approving the Group's strategy, budgets, major items of capital expenditure and senior personnel appointments.

The Board generally schedules Board meetings over the course of the financial year with informal discussions scheduled as required. Additional meetings are held depending upon opportunities or issues to be dealt with by the Company from time to time.

The Non-executive Directors hold informal meetings during the course of the year at which members of Excom are not in attendance.

The Directors' attendance at scheduled Board meetings during 2024 is detailed in the table below:

Board Membership

Board member	Meetings attended (out of a total possible)
Philip Jackson	8/8
Ross Glover (from 12 June 2024)	3/3
Kate Coppinger	8/8
Frances Ward	8/8
Aneliya Erdly	8/8
Anthony White	7/8
Chris Hopkinson (to 4 June 2024)	3/3

In addition to the Directors, the General Counsel and Company Secretary is invited to attend each meeting of the Board.

The Board has the following committees each chaired by a Non-executive Director as follows:

Audit Committee

The Committee comprised only Non-executive Directors during 2024. It was chaired by Kate Coppinger and had as its other member Anthony White. The QCA Code recommends that the most effective audit committees are made up of at least two independent non-executive Directors in order to maintain an appropriate balance of independent Non-executive Directors and ensure suitable representation and oversight by the Committee and this recommendation is met by the Company.

Meetings are aligned with the Group's financial reporting calendar and, in the year ended 31 December 2024, the Committee met on three occasions. The Chief Financial Officer is invited to attend each meeting of the Committee and participated in all of the meetings during the year. The external auditors are also invited to attend meetings of the Committee as appropriate and also meet the Committee without the presence of management at least annually.

The Directors' attendance at scheduled Committee meetings during 2024 is detailed in the table below:

Audit Committee Membership

Committee member	Meetings attended (out of a total possible)
Kate Coppinger	3/3
Anthony White	3/3

Summary of the Committee's Responsibilities

The Committee's responsibilities include the following:

- The Committee reviews reports from management and the Group's auditors relating to the Group's Annual Report and Accounts and the interim results announcements. The Committee advises the Board on whether the annual report and interim announcement are fair, balanced and understandable and provide the information necessary for Star Energy's stakeholders to assess performance against the Group's strategy;
- The Committee reviews compliance with legal requirements, accounting standards and the AIM Rules and is focused on ensuring that effective systems of internal financial and non-financial controls (including for the management of risk and whistle-blowing) are maintained. However, the ultimate responsibility for reviewing and approving the Annual Report and Accounts remains with the Board;
- The Committee keeps under review the external auditors' independence and considers the nature, scope, and results of the auditors' work and develops a policy on and reviews (reserving the right to approve) any non-audit services that are provided by the external auditors. The Committee is responsible for making recommendations to the Board on their appointment and remuneration; and
- The Committee considers the continued implications of the cost of living crisis, the war in Ukraine, conflict in Gaza and other macroeconomic effects on the market.

Key Areas of Focus

The Committee's particular areas of focus during the year were as follows:

- Review of the Annual Report and of the significant risks identified which included the going concern assessment, including covenant compliance, impairment of oil and gas properties, impairment of Exploration and Evaluation assets, impairment of development costs and goodwill, decommissioning provision and impairment of Parent Company investments and amounts due from subsidiary undertakings;
- Review of the six months ended 30 June 2024 interim results announcement and the going concern assessment, covenant compliance and impairment assessment of oil and gas properties;
- Review and approval of the 2024 audit plan and the approach being taken by the Group's auditors towards the 2024 audit; and
- Management of a competitive tendering process for the appointment of the Group's auditors and resolving to recommend PKF Littlejohn LLP for appointment at the Annual General Meeting in June 2025.

Remuneration Committee

The Committee was chaired by Philip Jackson and had as its other members Kate Coppinger and Aneliya Erdly. The Committee met formally on four occasions and the meetings were attended by all members.

From time to time other Non-executive Directors, Executive Directors, members of the Excom and senior management may be invited to attend part or all of the meetings. In accordance with the Committee's terms of reference, no Director may participate in discussions relating to their own terms and conditions of service or remuneration.

Summary of the Committee's Responsibilities

The Committee's responsibilities include the following:

- Making recommendations to the Board on the Company's policy on the remuneration of the Chair, Executive Directors and such other senior executives as are delegated to the Committee to consider;
- Determining, within agreed terms of reference, the remainder of the remuneration packages for each of them, including pension rights, any compensation payments and the implementation of executive incentive schemes;
- Monitoring the level and structure of remuneration for senior management;
- Reviewing the design of share incentive plans for approval by the Board and determining the policy on annual awards to Executive Directors and senior executives; and
- Reviewing progress made against performance targets and agreeing incentive awards.

Key Areas of Focus

The Committee's particular areas of focus during the year were as follows:

- Review of performance against the Group's key performance indicators for the year ended 31 December 2024 and recommending to the Board that a pay-out factor of 30% be applied to all employees of the Group. Staff bonuses are payable in 2025;
- Considering proposals to increase productivity and efficiency within the organisation;
- Reviewing the balance of remuneration between cash payments and share issuance to staff members;
- Ongoing review of long-term incentive plans and approving the issue of shares under the Management Retention Plan (MRP) in respect of the 2024 bonus payment for awards in excess of £15,000; and
- Agreeing the changes in remuneration for senior management and Executive Directors including termination payment for the former CEO.

Nomination Committee

The Committee was chaired by Philip Jackson, its only other member being Anthony White. In 2024, all matters within the remit of the Nomination Committee were considered by the full Board.

Summary of the Committee's Responsibilities

The Committee's responsibilities include the following:

- Considering the size, structure and composition of the Board and Excom, retirements and appointments of additional and replacement Directors and making appropriate recommendations to the Board;
- Making recommendations to the Board regarding membership of the Audit and Remuneration Committees; and
- Ensuring that plans are in place for orderly succession to the Board and senior management positions, so as to maintain an appropriate balance of skills and experience within the Group and the Board.

Key Areas of Focus

The principal activity of the Committee during the year was to continue to ensure that appropriate succession plans are in place for Excom and senior management.

Internal Control

The Board acknowledges that it is responsible for establishing and maintaining the Group's system of internal controls and reviewing its effectiveness. The procedures that include, inter alia, financial, operational, health & safety, compliance matters and risk management (as detailed in the Strategic Report) are reviewed on an ongoing basis.

The Group's internal control procedures include the following:

- Board approval for all significant projects, including corporate transactions and major capital projects;
- The Board receives and reviews regular reports covering both the technical progress of projects and the Group's financial affairs to facilitate its control;
- There is a comprehensive budgeting and planning system for all items of expenditure with an annual budget approved by the Board. Risk assessment and evaluation is an integral part of the annual planning cycle;
- The Group has in place internal control and risk management systems in relation to the Group's financial reporting process and the Group's process for preparing consolidated accounts. These systems include policies and procedures to ensure that adequate accounting records are maintained and transactions are recorded accurately and fairly to permit the preparation of consolidated financial statements in accordance with UK-adopted International Accounting Standards; and
- The Audit Committee reviews draft annual and interim reports before recommending their publication to the Board. The Audit Committee discusses with the Chief Financial Officer and external auditors the material accounting policies, estimates and judgements applied in preparing these reports.

The internal control system can only provide reasonable and not absolute assurance against material misstatement or loss. The Board has considered the need for a separate internal audit function but, bearing in mind the present size and composition of the Group, does not consider it necessary at the current time.

Anti-bribery and Corruption/Ethical Conduct

The Directors take the issue of bribery and corruption seriously. The Directors acknowledge the importance of ensuring that the Company, its employees and those third parties with which the business engages are operating within the requirements of the Bribery Act. The Company has a zero-tolerance approach to bribery and corruption and has adopted an anti-bribery policy to protect the Group, its employees and those third parties with which the Company engages. Star Energy has reviewed the policies and procedures to ensure compliance with the UK Bribery Act 2010, Modern Slavery Act 2015 and Criminal Finances Act 2017. The Company continues actively to promote good practice and compliance throughout the Group and has continued its rolling online programme of anti-bribery and corruption and anti-facilitation of tax evasion, as well as anti-slavery and human trafficking training for all relevant employees.

The Group's Modern Slavery Statement can be accessed here: **https://www.starenergygroupplc.com/modern-slavery-transparency-statement/**

Following the introduction of the Economic Crime and Corporate Transparency Act 2023, the Company is conducting a preliminary review of its implications and is in the process of updating its internal controls and processes accordingly.

Relations with Shareholders

Communications with shareholders are considered important by the Directors. Contact with shareholders, investors and analysts is principally through the Chief Executive Officer. Company circulars and press releases have also been issued throughout the year for the purpose of keeping investors informed about the Group's progress and in accordance with AIM regulations.

The Company also maintains a website (**www.starenergygroupplc.com**) that is regularly updated and contains a wide range of information about the Group.

See also the Company's disclosure in relation to Principle Ten in the corporate governance statement on the Company website.

Engaging with Stakeholders

The ways in which Star Energy solicits information from its stakeholder groups include, inter alia, public relations activities, regular formal contact via written communications, meetings, and conference calls. Informal contact is promoted through the use of social media where appropriate.

The Board seeks to understand the Company's stakeholders' needs, interests and expectations by ensuring open channels of communication at all times and permitting all parties to openly discuss any issues or concerns they may have with the Company.

The Company considers and acts on the information and feedback received by way of bilateral discussions or investor conference calls or RNS announcements when required.

This report explains our remuneration policy for Directors and sets out how decisions regarding Directors' pay for the period under review have been taken.

Directors' Remuneration Policy

The Company's policy is to maintain levels of remuneration sufficient to attract, motivate and retain senior executives of the highest calibre who can deliver growth in shareholder value. Executive Directors' remuneration currently consists of basic salary, pensions, benefits, annual bonus (based on annually set targets), and long term incentives (to reward long term performance). The Company seeks to strike an appropriate balance between fixed and performance-related reward so that the total remuneration package is structured to align a significant proportion to the achievement of performance targets, reinforcing a clear link between pay and performance. The performance targets for staff, senior executives and the Executive Directors are each aligned to the key drivers of the business strategy, thereby creating a strong alignment of interest between staff, senior executives, the Executive Directors and shareholders.

The Committee aims to ensure that all employees receive rewards that fairly reflect their seniority, level of work and contribution to the Company in the context of the Company's cash flows for the periods concerned.

The current elements of the reward package are detailed below:

Element of reward	Operation and performance conditions	Maximum opportunity
Base salary The purpose of the base salary is to: • help recruit and retain key individuals; • reflect the individual's skills, knowledge and abilities; and • ensure fair reward for "doing the job".	The Committee reviews base salaries annually to ensure that Executive Director pay remains competitively aligned with external market practices. In determining whether to increase levels the Committee will take the following into consideration: • the performance of the individual Director; • the individual Director's experience and responsibilities; • impact on fixed costs of any increase; and • pay and conditions throughout the Company.	The Committee will retain discretion to increase an individual's salary where there is a significant difference between current levels and a market competitive rate for similar positions in similar organisations (based on size, complexity and industry sector).
Other benefits including pension	The Company currently provides Executive Directors with an annual pension contribution equivalent to 7.5% of base salary but requires the Executive Directors to make annual contributions equivalent to 1.5% of basic salary (in line with pension arrangements for all staff) part or all of which may be waived in favour of a taxable cash payment (less offset for employers NI) if the pension contribution resulted in a breach of the annual allowance. Other benefits in kind include medical insurances and income protection or lump sum payments in the event of extended sickness absence, disability and/or death in service.	
Annual Cash Bonus	Executive Directors and staff are eligible to participate in a discretionary bonus plan. The Committee will determine on an annual basis whether a proportion of the bonus payment (previously 50% of any award in excess of £30,000 and reduced in 2025 to an excess of £15,000) will be paid in Company shares under the 2015 Management Retention Plan (MRP). Maximum bonus levels and the proportion payable for target performance are considered in the light of market bonus levels for similar roles among the industry sector. Bonuses paid in cash (and where applicable, shares) are not pensionable. In terms of bonus targets a balanced scorecard approach is operated which focuses on a mixture of strategic, operational, personal, financial and non-financial metrics.	The percentage of maximum bonus entitlement received is based on the achievement of individually challenging targets supporting both corporate and personal objectives. The maximum potential bonus entitlement for Executive Directors under the plan is 75% of base salary.

<table>
<tr><th>Element of reward</th><th>Operation and performance conditions</th><th>Maximum opportunity</th></tr>
<tr><td>Executive Incentive Plan (EIP)</td><td>Under the EIP adopted by the Board in March 2016, participants are granted a share award in the form of a nil-cost option, released at the end of an agreed holding period provided that the Executives remain in employment and that the Remuneration Committee are satisfied that corporate performance has been satisfactory (with reference to share price). A multiplier can also apply to this share award to ensure that management are focused on the execution of the business strategy and the creation of long-term value for shareholders.

For the April 2021 award a multiplier was set as follows:

Share price target – Multiplier
< £0.35 – 0.000 x shares awarded
£0.35 – £0.39 – 0.333 x shares awarded
£0.40 – £0.49 – 0.666 x shares awarded
£0.50 + – 1.000 x shares awarded

This award did not meet the vesting conditions on the third anniversary, 7 April 2024.

An award under the EIP was made in September 2023. The award was due to become exercisable and vest on the first anniversary of the date of grant of the options, 14 September 2024. This award did not meet the vesting condition that the share price was 15p on the vesting date.

No awards of restricted stock under the EIP were made in 2022 and 2024.</td><td>Annual award to the current Executive Directors of no more than up to100% of salary subject to a one times multiplier (i.e. the maximum number of shares which could vest is equal to up to 100% of salary) for the award made in 2021.</td></tr>
<tr><td>Share Investment Plan (SIP)</td><td>In 2013, the Company adopted an HMRC approved Share Investment Plan for all employees of the Group. The scheme is a tax efficient incentive plan pursuant to which all employees are eligible to subscribe for up to £150 (or 10% of salary, if less) worth of Star Energy ordinary shares per month.

Shares are acquired on a quarterly basis and the Company automatically matches the employee contribution, acquiring matching 'Partnership' shares on a 1-to-1 basis. Subject to the Company achieving pre-defined quarterly production targets, the Company increases the Partnership share matching element for that quarter to 2-to-1. In order to receive their allocation of Company Partnership shares, employees must ordinarily remain employed by the Company for a period of three years from the date of grant of the matching award.</td><td>Employees are eligible to acquire up to £150 (or 10% of salary, if less) worth of Star Energy ordinary shares per month from gross salary.

The Company will match the shares purchased on a 1-to-1 basis and, subject to the Company having met pre-defined quarterly production targets, will increase the matching element for that quarter to 2-to-1.</td></tr>
</table>

Annual Report on Remuneration

Remit of the Remuneration committee

The remit of the Remuneration Committee (the "Committee") is provided in the Corporate Governance section.

Share price movements during the year

The Group's share price as at 31 December 2024 was 7.22p per share. The highest price during the year was 12.23p per share and the lowest share price during the year was 6.43p per share.

Annual Report on Remuneration continued

Current arrangements in financial year

Executive Directors

Executive Directors are employed under rolling contracts with notice periods of 6 months from the Company or executive.

Directors' emoluments for the year were as follows:

	Year ended 31 December 2024						Year ended 31 December 2023					
Executive Director	**Salary £000**	**Payment in lieu of pension £000**	**Bonus (Cash) £000**	**Bonus (Shares) £000**	**Pensions £000**	**Total £000**	Salary £000	Payment in lieu of pension £000	Bonus (Cash) £000	Bonus (Shares) £000	Pensions £000	Total £000
C Hopkinson – CEO*	**324**	**4**	**–**	**–**	**–**	**328**	337	6	94	64	–	501
R Glover – CEO**	**160**	**–**	**39**	**24**	**12**	**235**	–	–	–	–	–	–
F Ward – CFO	**232**	**–**	**33**	**18**	**17**	**300**	225	–	53	23	16	317
Total – Executive Directors	**716**	**4**	**72**	**42**	**29**	**863**	562	6	147	87	16	818

* C Hopkinson left the Company on 4 June 2024. C Hopkinson's disclosed salary above includes a £175K payment in lieu of notice.

** R Glover was appointed as CEO on 5 June 2024 from COO.

The long-term incentives held by the Executive Directors who served during the year are set out in the tables below:

Executive Director Retention Plan

	Date of Grant	At 1 January 2024	Share Options Granted	Share Options Exercised	Share Options Lapsed	As at 31 December 2024	Earliest vesting date	Lapse date
C Hopkinson	14/09/2022	250,000	–	–	250,000	–	14/09/2023	4/12/2024
		250,000	–	–	250,000	–		

C Hopkinson was granted an award of options over a maximum of 1,250,000 ordinary shares in October 2022 in relation to his appointment as Interim Executive Chairman. Whilst the options were granted outside of the EDRP, certain rules of the EDRP apply. Tranche 2 & 3, aggregating to 1 million options, did not meet the vesting criteria in September 2023. 250,000 options were forfeited six months post termination on 4 December 2024, in line with C Hopkinson's termination arrangements.

2016 Executive Incentive Plan

	Date of Grant	At 1 January 2024	Share Options Granted	Share Options Exercised	Share Options Lapsed	As at 31 December 2024	Earliest vesting date	Lapse date
C Hopkinson	14/09/2023	185,000	–	–	185,000	–	Failed to Vest	14/09/2024
		185,000	–	–	185,000	–		
R Glover	07/04/2021	200,000	–	–	200,000	–	Failed to Vest	07/04/2024
		185,000	–	–	185,000	–	Failed to Vest	14/09/2024
		385,000	–	–	385,000	–		
F Ward	07/04/2021	150,000	–	–	150,000	–	Failed to Vest	07/04/2024
	14/09/2023	185,000		–	185,000	–	Failed to Vest	14/09/2024
		335,000	–	–	335,000	–		

2016 Management Retention Plan (Bonus Scheme Shares)

	Date of Grant	At 1 January 2024	Share Options Granted	Share Options Exercised	Share Options Lapsed	As at 31 December 2024	Earliest vesting date	Lapse date
R Glover	28/03/2019	5,228	–	5,228	–	–	25/02/2020	28/03/2027
	09/04/2020	31,516	–	31,516	–	–	22/01/2021	22/01/2028
	12/10/2022	125,990	–	125,990	–	–	28/01/2023	25/08/2030
	31/03/2023	57,023	–	57,023	–	–	06/02/2024	31/03/3031
	18/04/2024	–	212,813	212,813	–	–	30/09/2024	18/04/2032
		219,757	212,813	432,570	–	–		
F Ward	09/04/2020	6,915	–	–	–	6,915	22/01/2021	22/01/2028
	12/10/2022	127,473		–	–	127,473	28/01/2023	25/08/2030
	31/03/2023	106,406	–	–	–	106,406	06/02/2024	31/03/2031
	18/04/2024	–	229,688			229,688	30/09/2024	18/04/2032
		240,794	229,688	–	–	470,482		

Non-executive Directors

The Non-executive Directors are employed under rolling contracts with notice periods of three months, under which they are not entitled to any pension, benefits or bonuses.

Fees for Non-executive Directors were held at the same level as the previous year although Executive Directors' salaries were adjusted to take account of inflation and other cost of living factors.

Non-executive Directors	**Year ended 31 December 2024** Emoluments £000	**Year ended 31 December 2024** Total £000	Year ended 31 December 2023 Emoluments £000	Year ended 31 December 2023 Total £000
P Jackson[1]	**90**	**90**	75	75
K Coppinger	**50**	**50**	50	50
A Erdly[2]	**50**	**50**	2	2
A White[3]	**50**	**50**	1	1
D Fleming[4]	**3**	**3**	50	50
Total – Non-executive Directors	**243**	**243**	178	178

1 appointed as Non-executive Chairman on 5 June 2023. The fee for P Jackson is payable to Pangaea Capital Partners Limited, a company controlled by P Jackson.
2 appointed as Non-executive Director on 18 December 2023.
3 appointed as Non-executive Director on 20 December 2023.
4 appointed as Non-executive Director on 4 January 2023 and left 23 January 2024.

Philip Jackson
Chairman Remuneration Committee

29 April 2025

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited consolidated financial statements for the year ended 31 December 2024. The Corporate Governance Statement set out on pages 26 to 29 of this Annual Report forms part of this report.

Business Review and Future Developments

A review of the business and the future developments of the Group are presented in the Chairman's Statement, the Operating Review and the Financial Review, which are all sections within the Strategic Report.

Dividends

The Directors do not recommend the payment of a dividend for the year (year ended 31 December 2023: £nil).

Principal Activities

The Group's principal activities are exploring for, appraising, developing and producing oil and gas and developing UK and overseas geothermal projects.

Share Capital

Details of changes to share capital in the period are set out in note 24 to the consolidated financial statements.

Directors and their Interests

The Directors who served during the year were as follows:

C Hopkinson	CEO (to 4 June 2024)
R Glover	CEO (appointed as CEO on 5 June 2024 and to the Board on 12 June 2024)
P Jackson	Non-executive Chairman
K Coppinger	Non-executive
F Ward	Chief Financial Officer
D Fleming	Non-executive (to 23 January 2024)
A Erdly	Non-executive
A White	Non-executive

The beneficial interest of each of the Directors and their immediate families in the ordinary share capital of the Company are shown below:

	31 December 2024 Ordinary 0.002p Shares		31 December 2023 Ordinary 0.002p Shares	
	Number	**%**	Number	%
C Hopkinson	–	–	–	–
R Glover	**373,029**	**0.29**	123,240	0.10
P Jackson	–	–	–	–
K Coppinger	–	–	–	–
F Ward	**134,337**	**0.10**	121,481	0.09
D Fleming	–	–	–	–
A Erdly	–	–	–	–
A White	–	–	–	–

Annual General Meeting 2025

The AGM will be held at the offices of Watson Farley and Williams LLP on 19 June 2025, commencing at 10:30 a.m. The resolutions to be proposed at the AGM are set out and fully explained in the notice of AGM available on the Company's website at: **https://www.Starenergygroupplc.com/investors/publications-and-reports**.

Rotation and Re-election of Directors

The QCA Code recommends that all directors stand for re-election annually. Accordingly, all Directors, R Glover, K Coppinger, A Erdly, A White, P Jackson and F Ward shall retire and offer themselves for re-election at the AGM on 19 June 2025.

Directors' Insurance and Indemnity Provisions

Subject to the conditions set out in the Companies Act 2006, the Company has arranged appropriate directors' and officers' insurance to indemnify the Directors and officers against liability in respect of proceedings brought by third parties. Such provision remains in force at the date of this report.

The Company indemnifies the Directors against actions they undertake or fail to undertake as Directors or officers of any Group company, to the extent permissible for such indemnities to meet the test of a qualifying third-party indemnity provision as provided for by the Companies Act 2006. The nature and extent of the indemnities is as described in Section 58 of the Company's Articles of Association as adopted on 5 June 2020. These provisions remained in force throughout the period and remain in place at the date of this report.

Substantial Shareholders

As at 31 March 2025, the Company had been notified in accordance with the requirements of provision 5.1.2 of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules of the following significant holdings in the Company's ordinary share capital:

	Number of Shares	%
Kerogen group	34,214,615	26.22
Royal London Asset Management	8,055,760	6.17
J O Hambro Capital Management	9,000,000	6.90

Financial Instruments

The Group's principal financial instruments comprise cash balances, borrowings, derivative instruments and other debtors and creditors that arise through the normal course of business as set out in note 23 to the consolidated financial statements. The Group's financial risk management objectives are also set out in note 23 to the consolidated financial statements.

Employment Policy

It is the policy of the Group to operate a fair employment policy. No employee or job applicant is less favourably treated than another on the grounds of their sex, sexual orientation, age, marital status, religion, race, nationality, ethnic or national origin, colour or disability and all appointments and promotions are determined solely on merit. The Directors encourage employees to be aware of all issues affecting the Group and place considerable emphasis on employees sharing in its success.

Political Contributions

The Group made no political donations during the year (year ended 31 December 2023: £nil).

Status

The Company is not a close company as defined in the Income and Corporation Taxes Act 1988.

The Company is domiciled in the UK and incorporated and registered in England and Wales.

Board Committees

Information on the Audit, Remuneration and Nomination Committees is included in the Corporate Governance Statement in this Annual Report.

Independent Auditors

Following a formal audit tender process, PricewaterhouseCoopers LLP will be stepping down as auditor in April 2025. The Board will propose a resolution for the appointment of PKF Littlejohn LLP to replace PricewaterhouseCoopers LLP as the Company's auditor at the next Annual General Meeting in June 2025.

Directors' Statement as to Disclosure of Information to the Auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors, each Director has taken all the steps that a Director might reasonably be expected to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board

Thamala Perera Schuetze
General Counsel and Company Secretary
Star Energy plc
Registered Office:
Welton Gathering Centre
Barfield Lane off Wragby Road
Sudbrooke
Lincoln
LN2 2QX

Registered in England (company number: 04981279)
29 April 2025

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and the Parent Company financial statements in accordance with UK-adopted international accounting standards.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Parent Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

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

The Directors are responsible for safeguarding the assets of the Group and the Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Parent Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Parent Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Confirmations

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Parent Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Parent Company's auditors are aware of that information.

On behalf of the Board,

Ross Glover
Chief Executive Officer

29 April 2025

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STAR ENERGY GROUP PLC

Report on the audit of the financial statements

Opinion

In our opinion, Star Energy Group plc's Group financial statements and Parent Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2024 and of the Group's loss and the Group's and Parent Company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts 2024 (the "Annual Report"), which comprise: the Consolidated and Parent Company Balance Sheets as at 31 December 2024; the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Cash Flow Statements and the Consolidated and Parent Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

Audit scope

- We scoped in all components for the purpose of the Group audit.
- This enabled us to obtain coverage of 100% of the Group's consolidated revenue, consolidated comprehensive loss for the year and consolidated total assets.

Key audit matters

- Carrying value of conventional oil and gas assets (Group)
- Carrying value of the decommissioning provision (Group)
- Carrying value of Investments in subsidiaries and amounts due from subsidiary undertakings (Parent)

Materiality

- Overall Group materiality: £1,300,000 (2023: £1,400,000) based on approximately 1% of total assets.
- Overall Parent Company materiality: £490,000 (2023: £190,000) based on approximately 1% of net assets.
- Performance materiality: £975,000 (2023: 1,050,000) (Group) and £367,500 (2023: £142,500) (Parent Company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, 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.

This is not a complete list of all risks identified by our audit.

Acquisition accounting (Group) and Carrying value of development costs (Group), which were key audit matters last year, are no longer included because of the following reasons. Acquisition accounting (Group) is not considered a key audit matter in the current year as the acquisition was a non-recurring transaction in the previous year when the Group acquired a new business in Croatia, and the related accounting implications and associated disclosures were reflected in the prior year's financial statements. Carrying value of development costs (Group) is not considered a key audit matter in the current year as this matter related to the recoverability of the assets of the Stoke geothermal project which have been appropriately fully written off in the current year. Otherwise, the key audit matters below are consistent with last year.

Our audit approach continued

Key audit matters continued

Key audit matter	How our audit addressed the key audit matter
Carrying value of conventional oil and gas assets (Group) Refer to note 1 Material Accounting Policies and note 10 Property, Plant and Equipment in the Group financial statements. As at 31 December 2024, the carrying value of oil and gas assets totalled £69.6 million (2023: £72.9 million). For oil and gas assets, IAS 36 requires management to consider whether there are indicators of an impairment and if any are identified, to carry out a full impairment assessment of the relevant assets. Management performed the assessment as of 31 December 2024 and concluded there were indicators of impairment. Management carried out a full impairment assessment by comparing the carrying value of the CGUs to the respective recoverable amount which is the higher of an asset's fair value less costs of disposal and its value in use. The Group generally assesses the fair value less costs of disposal using the estimated future cash flows which are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. Impairment assessments and impairment trigger reviews under IAS 36 require significant judgement and estimation and there is a risk that the recoverable amounts of the CGUs may be incorrect, and any potential impairment charge or reversal misstated. As such, this was a key area of focus for our audit due to the material nature of the respective balances and the estimates and judgements involved.	We obtained management's assessment for indicators of impairments and performed the following procedures: • assessed the appropriateness of management's identification of the Group's CGUs; and • understood and evaluated management's processes in respect of the impairment trigger assessment process. As a result of our work, we concurred with management's conclusion that there were indicators of impairment and that a full impairment assessment was required. We have performed the following procedures to audit management's impairment model and the key assumptions used in management's assessment: • evaluated the cash flow forecasts and the process by which they were drawn up, compared them to the latest board approved budget and verified the mathematical accuracy of the impairment model; • used our independent valuation experts to assist us in evaluating the appropriateness of key market related assumptions, being oil prices and discount rates, in management's valuation model, and concluded that management's oil price assumptions are comparable with market consensus and the discount rate is within our experts' acceptable range; • agreed production and reserves inputs to the reserves report prepared by DeGolyer and MacNaughton (D&M), management's expert; • held discussions with D&M regarding the key judgements and estimates considered during the preparation of the reserves report; • assessed the competence and objectivity of D&M by considering factors including professional qualifications and the experience of their team; • compared operating expenses and capital expenditure considered in the cash flows to prior years and management's forecasts; and • verified that the exchange rate used is comparable with the actual exchange rate as at 31 December 2024 and historical exchange rates. Finally, we considered the adequacy of management's disclosures in relation to the impairment assessment in note 10, including the sensitivity analysis, and concluded that these are in line with the requirements of IAS 36. As a result of our work performed, we are satisfied that management's impairment assessment of oil and gas assets is appropriate and in line with IAS 36. We are satisfied with management's decision not to reverse the impairments recognised in prior years.

Our audit approach continued

Key audit matters continued

Carrying value of the decommissioning provision (Group)

Refer to note 1 Material Accounting Policies and note 19 Provisions in the Group financial statements.

As at 31 December 2024, the carrying value of the decommissioning provision was £60.9 million (2023: £62.4 million).

The extent and timing of actual outflows incurred in the future may differ due to changes in law, regulations, technology, prices and conditions at the time of decommissioning. The decommissioning provision involves significant estimation and judgement – particularly in the cost and timing of decommissioning, as well as inflation and discount rates – which underpins both the quantum of the provision at 31 December 2024 and the discount unwind to the income statement over the year.

As the decommissioning provision is highly material and considering the judgements involved, this was a key area of focus for our audit.

We obtained management's decommissioning provision calculation and assessed the reasonableness of each of the key assumptions.

As part of our audit procedures, we have:

- assessed the completeness of the number of wells included in management's estimate by comparing with management's underlying well register and insurance policy;
- assessed management's cost per well estimate against the results of the actual decommissioning costs incurred during the year;
- in the previous years, verified the work performed by management's experts on estimating the cost of well abandonment and site restoration, and challenged them on the estimates used;
- assessed the objectivity, independence and competency of management's experts;
- benchmarked management's discount rate with the Bank of England risk free rate and compared the inflation rate with industry practice and available forecasts; and
- tested the mathematical accuracy and methodology of the decommissioning model, assessing the application of cost, timing, inflation and discount rate assumptions when calculating the final provision.

Based on the procedures performed we concur with management that their assessment of the decommissioning provision is reasonable.

We have assessed management's disclosures and consider the disclosures made to be in accordance with IFRS and to present the sensitivities relevant to the provision appropriately.

Our audit approach continued

Key audit matters continued

Carrying value of Investments in subsidiaries and amounts due from subsidiary undertakings (Parent)
Refer to note 1 Material Accounting Policies, note 2 Investments in Subsidiaries and note 3 Trade and Other Receivables in the Parent Company financial statements.

As at 31 December 2024, the carrying value of the Parent Company's Investments in subsidiaries was £30.6 million (2023: £33.2 million); in addition, there were amounts due from subsidiary undertakings of £26.3 million (2023: £17.4 million) (net of credit loss allowance).

We focused on this area due to the material nature of the balance and the estimates and judgements involved in assessing any potential impairment.

In respect of the Parent Company's investments in subsidiaries and amounts due from subsidiary undertakings, we evaluated and challenged management's assessment of the carrying values.

In evaluating management's impairment assessment of the Parent Company's investments in subsidiaries and amounts due from subsidiary undertakings, we have:

- evaluated management's determination of whether any indicators of impairment existed by comparing the carrying value of Investments in subsidiaries to the market capitalisation of the Group at 31 December 2024 and agreed that an impairment assessment was necessary;
- obtained management's assessment which included comparing the fair value of the net assets of each entity with the carrying value of the Parent Company's investments and amounts due from subsidiary undertakings to determine if there is an impairment or a credit loss allowance, respectively, to be recognised;
- evaluated management's assessment of the expected credit loss on the Parent Company's amounts due from subsidiary undertakings by assessing their potential recovery scenarios performed in accordance with IFRS 9 'Financial Instruments';
- verified the mathematical accuracy of the calculations; and
- considered the adequacy of the disclosures made.

Based on the procedures performed we concur with management that, after impairment and credit loss allowance, the carrying value of Investments in subsidiaries is supportable and the disclosures are adequate.

We have assessed management's disclosures and consider the disclosures made to be in accordance with IFRS.

Our audit approach continued

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Parent Company, the accounting processes and controls, and the industry in which they operate.

The Group is structured along three segments being 'oil and gas', 'geothermal' and 'unallocated', which comprises mainly corporate assets and head office expenses. For the purposes of financial reporting, the Group considers two reporting components - the Parent Company financial statements and the Group financial statements where all of the Group's operations are together viewed as one reporting component. All of the Group's operating businesses are located in the UK except the geothermal business located in Croatia. All the Group entities have central management and centralised processes and controls and therefore our audit work was conducted solely in the UK.

We scoped in both reporting components for the purposes of the Group audit. This gave us 100% coverage over the Group's consolidated revenue, consolidated comprehensive loss for the year and consolidated total assets and gave us the evidence we needed for our opinion on the Group financial statements as a whole.

The impact of climate risk on our audit

As part of our audit, we made enquiries of management to understand their process to assess the extent of the potential impact of climate change risks on the Group and its financial statements. We used our knowledge of the Group to consider the completeness of the risk assessment performed by management, giving consideration to both physical and transition risks, and management's own reporting and announcements. Management recognises that the changes in laws, regulations, policies, obligations and social attitudes relating to the transition to a lower carbon economy could lead to higher costs, or reduced demand and prices for hydrocarbons, impacting the profitability of the Group. This is a strategic risk which the Group is mitigating by working closely with regulators to ensure that all required planning consents and permits for operations are in place and by maintaining continual dialogue with all stakeholders to understand emerging requirements. Whilst the impact is uncertain, we particularly considered the impact of risks arising due to climate change on the recoverable value of the Group's oil and gas properties. We also read the disclosures made in relation to climate change, in the other information within the Annual Report, and considered their consistency with the financial statements and our knowledge from our audit.

Materiality

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

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

	Financial statements – Group	Financial statements – Parent Company
Overall materiality	£1,300,000 (2023: £1,400,000).	£490,000 (2023: £190,000).
How we determined it	Approximately 1% of total assets	Approximately 1% of net assets
Rationale for benchmark applied	This benchmark reflects the Group's primary focus to continue to enlarge its assets through significant investment in its producing and development assets, and that the Group's value is contained within the hydrocarbon reserves. We used judgement to cap our materiality at £1,300,000.	We believe that net assets is the primary measure used by the shareholders in assessing the performance of the entity, and is a generally accepted auditing benchmark. We used judgement to cap our materiality at £490,000.

The range of materiality allocated across components was £490,000 to £1,300,000.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2023: 75%) of overall materiality, amounting to £975,000 (2023: £1,050,000) for the Group financial statements and £367,500 (2023: £142,500) for the Parent Company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £65,000 (Group audit) (2023: £70,000) and £24,500 (Parent Company audit) (2023: £9,500) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

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

- checking the mathematical accuracy of management's cash flow forecasts;
- challenging and evaluating management's underlying cash flow projections including comparing forecast sales volumes, operating costs, capital expenditure and decommissioning expenditure to recent actual results and other sources of evidence and comparing forecast future oil prices and foreign exchange rates to external data;
- assessing the reasonableness of management's downside case, including assessing management's ability to take mitigating actions, including delaying capital expenditure and reducing costs;
- evaluating the terms and conditions of the debt financing facility including assessing compliance with covenants in the base case and downside scenario; and
- reviewing the completeness and appropriateness of management's going concern disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Parent Company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Responsibilities for the financial statements and the audit continued

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

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

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK oil and gas regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and tax regulations. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management and internal legal counsel, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing minutes of meetings of those charged with governance;
- Challenging the assumptions and judgements made by management in determining their significant accounting estimates (as outlined further in the "Key audit matters" section of this report); and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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

Use of this report

This report, including the opinions, has been prepared for and only for the Parent Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Timothy McAllister (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

29 April 2025

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2024

	Note	Year ended 31 December 2024 £000	Year ended 31 December 2023 £000
Revenue	2	**43,651**	49,466
Cost of sales:			
Depletion, depreciation and amortisation	3	**(6,472)**	(8,241)
Other costs of sales		**(22,318)**	(24,135)
		(28,790)	(32,376)
Gross profit		**14,861**	17,090
Administrative expenses		**(7,422)**	(7,290)
Research and non-capitalised development costs		**(1,973)**	(2,002)
Exploration and evaluation assets impaired	9	**(1,854)**	(456)
Impairment of development costs	9	**(4,259)**	–
Impairment of goodwill	9	**–**	(130)
Gain/(loss) on derivative financial instruments	4	**737**	(25)
Other expense	3	**(2,000)**	–
Other income		**3**	8
Operating (loss)/profit	3	**(1,907)**	7,195
Finance costs	6	**(4,805)**	(4,426)
Change in fair value of contingent consideration	19	**2,251**	–
(Loss)/profit before tax		**(4,461)**	2,769
Income tax	7	**(8,133)**	(8,260)
Loss after tax		**(12,594)**	(5,491)
Attributable to:			
Owners of the Parent Company		**(11,295)**	(4,493)
Non-controlling interest		**(1,299)**	(998)
		(12,594)	(5,491)
Loss per share attributable to equity shareholders:			
Basic loss per share	8	**(8.74p)**	(3.52p)
Diluted loss per share	8	**(8.74p)**	(3.52p)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2024

	Note	Year ended 31 December 2024 £000	Year ended 31 December 2023 £000
Loss for the year		**(12,594)**	(5,491)
Other comprehensive income for the year:			
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange differences on translation of foreign operations		**117**	19
Total comprehensive loss for the year		**(12,477)**	(5,472)
Total comprehensive loss attributable to:			
Owners of the Parent Company		**(11,181)**	(4,477)
Non-controlling interest		**(1,296)**	(995)
		(12,477)	(5,472)

The notes on pages 56 to 88 form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

as at 31 December 2024

	Note	31 December 2024 £000	31 December 2023 £000
ASSETS			
Non-current assets			
Intangible assets	9	**7,736**	13,823
Property, plant and equipment	10	**70,657**	73,994
Right-of-use assets	12	**7,253**	7,426
Restricted cash	15	**4,282**	–
Deferred tax asset	7	**31,054**	37,192
		120,982	132,435
Current assets			
Inventories	13	**1,497**	1,522
Trade and other receivables	14	**6,381**	7,067
Cash and cash equivalents	15	**4,708**	3,855
Restricted cash	15	**–**	410
Derivative financial instruments	23	**398**	–
		12,984	12,854
Total assets		**133,966**	145,289
LIABILITIES			
Current liabilities			
Trade and other payables	17	**(6,731)**	(10,971)
Corporation tax payable	7	**(3,073)**	(1,099)
Borrowings	18	**(6,488)**	(5,358)
Lease liabilities	12	**(1,145)**	(865)
Provisions	19	**(1,335)**	(2,236)
		(18,772)	(20,529)
Non-current liabilities			
Borrowings	18	**(5,246)**	–
Other payables	17	**(440)**	–
Lease liabilities	12	**(6,830)**	(6,981)
Provisions	19	**(60,035)**	(62,906)
		(72,551)	(69,887)
Total liabilities		**(91,323)**	(90,416)
Net assets		**42,643**	54,873
EQUITY			
Capital and reserves			
Called up share capital	24	**30,334**	30,334
Share premium account	24	**103,248**	103,189
Foreign currency translation reserve		**3,929**	3,815
Other reserves	25	**38,512**	38,324
Accumulated deficit		**(132,331)**	(121,036)
Equity attributable to owners of the Company		**43,692**	54,626
Non-controlling interest		**(1,049)**	247
Total equity		**42,643**	54,873

These financial statements on pages 52 to 88 were approved and authorised for issue by the Board on 29 April 2025 and are signed on its behalf by:

Ross Glover
Chief Executive Officer

Frances Ward
Chief Financial Officer

The notes on pages 56 to 88 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2024

	Called up share capital (note 24) £000	Share premium account (note 24) £000	Foreign currency translation reserve* £000	Other reserves** (note 25) £000	Accumulated deficit £000	**Equity attributable to owners of the Company £000**	Non-controlling Interest £000	**Total equity £000**
At 1 January 2023	30,334	103,068	3,799	37,617	(116,543)	**58,275**	–	**58,275**
Loss for the year	–	–	–	–	(4,493)	**(4,493)**	(998)	**(5,491)**
Acquisition of subsidiary with non-controlling interest	–	–	–	–	–	**–**	1,242	**1,242**
Share options issued under the employee share plan (note 25)	–	–	–	707	–	**707**	–	**707**
Issue of shares (note 24)	–	121	–	–	–	**121**	–	**121**
Currency translation adjustments	–	–	16	–	–	**16**	3	**19**
At 31 December 2023	**30,334**	**103,189**	**3,815**	**38,324**	**(121,036)**	**54,626**	**247**	**54,873**
Loss for the year	**–**	**–**	**–**	**–**	**(11,295)**	**(11,295)**	**(1,299)**	**(12,594)**
Share options issued under the employee share plan (note 25)	**–**	**–**	**–**	**188**	**–**	**188**	**–**	**188**
Issue of shares (note 24)	**–**	**59**	**–**	**–**	**–**	**59**	**–**	**59**
Currency translation adjustments	**–**	**–**	**114**	**–**	**–**	**114**	**3**	**117**
At 31 December 2024	**30,334**	**103,248**	**3,929**	**38,512**	**(132,331)**	**43,692**	**(1,049)**	**42,643**

* The foreign currency translation reserve includes an amount of £3,799 thousand (2023: £3,799 thousand) relating to exchange gains and losses on translation of net assets and results, and intercompany balances, which formed part of the net investment of the Group, in respect of subsidiaries which previously operated with a functional currency other than UK pound sterling.

** Other reserves include: 1) Share plan reserves comprising a EIP/MRP/EDRP reserve representing the cost of share options issued under the long term incentive plans and share incentive plan reserve representing the cost of the partnership and matching shares; 2) a treasury shares reserve which represents the cost of shares in Star Energy Group plc purchased in the market to satisfy awards held under the Group incentive plans (see note 25); 3) a capital contribution reserve which arose following the acquisition of IGas Exploration UK Limited (see note 25); and 4) a merger reserve which arose on the reverse acquisition of Island Gas Limited (see note 25).

The notes on pages 56 to 88 form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2024

	Note	**Year ended 31 December 2024 £000**	Year ended 31 December 2023 £000
Cash flows from operating activities:			
(Loss)/profit before tax		**(4,461)**	2,769
Depletion, depreciation and amortisation	3	**6,517**	8,291
Abandonment costs/other provisions utilised or released		**(1,672)**	(2,186)
Share-based payment charge		**195**	633
Exploration and evaluation assets impaired	9	**1,854**	456
Impairment of development costs	9	**4,259**	–
Impairment of goodwill	9	**–**	130
Change in fair value of contingent consideration	19	**(2,251)**	–
Unrealised (gain)/loss on oil price derivatives	4	**(398)**	525
Gain on sale of fixed assets		**(3)**	(8)
Finance costs	6	**4,805**	4,426
Operating cash flows before working capital movements		**8,845**	15,036
(Increase)/decrease in trade and other receivables and other financial assets		**(1,397)**	1,482
(Decrease)/increase in trade and other payables		**(1,334)**	553
(Increase) in restricted cash		**(3,872)**	–
Decrease in inventories		**25**	145
Net cash generated from operating activities		**2,267**	17,216
Cash flows from investing activities:			
Purchase of intangible exploration and evaluation assets		**(67)**	(343)
Purchase of property, plant and equipment		**(5,579)**	(7,547)
Purchase of intangible development assets		**(30)**	(619)
Acquisition of subsidiary, net of cash acquired		**–**	(1,282)
Proceeds from disposal of property, plant and equipment		**3**	152
Net cash used in investing activities		**(5,673)**	(9,639)
Cash flows from financing activities:			
Cash proceeds from issue of ordinary share capital	24	**28**	42
Drawdown on finance facility	15	**12,530**	–
Repayment of Reserves Based Lending facility	15	**(5,541)**	(3,284)
Transaction costs related to loan refinancing	15	**(610)**	–
Repayment of principal portion of lease liabilities	12	**(887)**	(1,255)
Repayment of interest on lease liabilities	12	**(709)**	(727)
Interest paid	15	**(493)**	(1,360)
Net cash generated from/(used in) financing activities		**4,318**	(6,584)
Net increase in cash and cash equivalents in the year		**912**	993
Net foreign exchange differences	15	**(59)**	(230)
Cash and cash equivalents at the beginning of the year		**3,855**	3,092
Cash and cash equivalents at the end of the year	15	**4,708**	3,855

The notes on **pages 56 to 88** form an integral part of these financial statements.

CONSOLIDATED FINANCIAL STATEMENTS – NOTES

for the year ended 31 December 2024

1 Material Accounting Policies

This note provides a list of the potentially material accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Preparation of Financial Statements

The consolidated financial statements of Star Energy Group plc (the "Parent Company" or "the Company") and subsidiaries (the "Group") have been prepared in accordance with UK-adopted international accounting standards (IFRS) and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The financial statements were approved by the Board and authorised for issue on 29 April 2025. Star Energy Group plc is a public limited company (limited by shares) incorporated in the United Kingdom and registered in England and Wales and listed on the Alternative Investment Market (AIM).

The Group financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at fair value at each reporting date. The Group financial statements are presented in UK pounds sterling and all values are rounded to the nearest thousand (£000) except where otherwise indicated. Prior year numbers have been reclassified, where necessary, to conform to the current year presentation.

Subsidiary undertakings exemption from audit

For the year ending 31 December 2024, the subsidiaries listed below were entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The exemption requires Star Energy Group plc to guarantee the liabilities of these subsidiaries, which are as follows:

IGas Energy Limited – 05054503
Star Energy Limited – 03806814
Star Energy Weald Basin Limited – 06293763
IGas Energy Enterprise Limited – 05457589
Island Gas Limited – 04962079
Island Gas (Singleton) Limited – 01021095
Dart Energy (Europe) Limited – SC259898
Dart Energy (East England) Limited – 06760546
IGas Energy Production Limited – SC298739
Dart Energy (West England) Limited – 06760557
IGas Energy Development Limited – 07240286
GT Energy UK Limited – 08451346
GT Energy Croatia Limited – 15019171

New and amended IFRS Standards that are effective for the current year

During the year, the Group adopted the following new and amended IFRSs for the first time for their reporting period commencing 1 January 2024:

Amendments to IAS 1	Classification of liabilities as current or non-current and non-current liabilities with covenants
Amendments to IFRS 16	Lease liability in a sale and leaseback
Amendments to IAS 7 and IFRS 7	Supplier finance arrangements

The adoption of the standards listed above did not have a material impact on the financial statements of the Group.

New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

Amendments to IAS 21	Lack of exchangeability
Amendments to IFRS 7 and IFRS 9	Amendments to the classification and measurements of financial instruments
IFRS 18	Presentation and disclosures in financial statements
IFRS 19	Subsidiaries without public accountability: disclosures

With the exception of IFRS 18, the Directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods. The impact of IFRS 18 on the Group is currently being assessed and it is not yet practicable to quantify the effect on the Group's consolidated financial statements.

1 Material Accounting Policies continued

(b) Going Concern

The Group continues to closely monitor and manage its liquidity. Cash flow forecasts for the Group are prepared on a monthly basis based on, inter alia, the Group's production and expenditure forecasts, management's best estimate of future oil prices and foreign exchange rates and the Group's available loan facility. Sensitivities are run to reflect different scenarios including, but not limited to, possible reductions in commodity prices, fluctuations in exchange rates and reductions in forecast oil production rates.

The current geopolitical climate and the impact of an increase in trade tariffs on the global economy has reduced crude oil prices in the first quarter of 2025, with volatility in oil prices and foreign exchange rates likely to continue whilst countries seek to negotiate trade agreements with the US.

The focus of the Group in 2024 has been to strengthen our balance sheet and improve our resilience to oil price volatility. We have generated strong operating cash flows in 2024 as a result of stable production and a continued effort to minimise operating costs. We have also carried out a reorganisation resulting in a material reduction in general and administrative costs going into 2025. The €25 million finance facility agreed with Kommunalkredit, and the sale of non-core land with the proceeds of £6.3 million being received in April 2025, further improve our liquidity position.

However, the ability of the Group to operate as a going concern is dependent upon the continued availability of future cash flows and the availability of the monies drawn under its loan facility, which is dependent on the Group not breaching the facility's covenants. To mitigate these risks, the Group benefits from its hedging policy with 146,200 barrels hedged for 2025 using swaps at an average price of $75/bbl.

The Group's base case cash flow forecast was run with average oil prices of $65/bbl for the remainder of 2025 and $70/bbl for 2026, foreign exchange rates of an average $1.31/£1 for the remainder of 2025 and $1.28/£1 for 2026. In this base case scenario, our forecasts show that the Group will have sufficient liquidity as well as sufficient financial headroom to meet the applicable financial covenants for the 12 months from the date of approval of the financial statements.

Management has also prepared a "severe but plausible" downside case, which reflects the possible impact of global economic uncertainties resulting in the oil price dropping to $55/bbl in Q2 2025 before recovering to $58/bbl in Q3 and Q4 2025, and to an average of $62/bbl in2026. In this downside case management has assumed foreign exchange rates of an average $1.33/£1 for the remainder of 2025 and $1.33/£1 for 2026. Our downside case also includes a reduction in production of 5% throughout the going concern period. In the event of a downside scenario, management has the ability to drawdown further under the loan facility as well as to take mitigating actions including delaying capital expenditure and reducing costs, in order to maintain liquidity and to remain within the Group's financial covenants over the remaining facility period, should such actions be necessary. All such mitigating actions are within management's control. In this downside scenario including mitigating actions, our forecast shows that the Group will have sufficient financial liquidity as well as sufficient headroom to meet its financial covenants for the 12 months from the date of approval of the financial statements. Management remain focused on maintaining a strong balance sheet and funding to support our strategy.

Based on the analysis above, the Directors have a reasonable expectation that the Group has adequate resources to continue as a going concern for at least the next twelve months from the date of the approval of the Group financial statements and have concluded it is appropriate to adopt the going concern basis of accounting in the preparation of the financial statements.

(c) Basis of Consolidation

The consolidated financial statements present the results of Star Energy Group plc and its subsidiaries as if they formed a single entity. The financial statements of subsidiaries used in the preparation of consolidated financial statements are based on consistent accounting policies to the Parent Company. All intercompany transactions and balances between Group companies, including unrealised profits arising from them, are eliminated in full. Where shares are issued to an Employee Benefit Trust, and the Company is the sponsoring entity, it is treated as an extension of the entity.

At 31 December 2024, the Group comprised the Company and entities controlled by Star Energy Group plc (its subsidiaries). Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Parent Company gains control until the date when the Parent Company ceases to control the subsidiary.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Parent Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

1 Material Accounting Policies continued

(d) Business Combinations

Business combinations are accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets transferred, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are, with limited exceptions, recognised at their fair value at the acquisition date. Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the income statement. Acquisition costs are expensed in the income statement.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments are accounted for depending on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is re-measured to fair value at subsequent reporting dates with changes in fair value recognised in the income statement.

(e) Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(f) Joint Arrangements

Certain of the Group's licence interests are held jointly with others under arrangements whereby unincorporated and jointly controlled ventures are used to explore, evaluate and ultimately develop and produce from its oil and gas interests. Accordingly, the Group accounts for its share of assets, liabilities, income and expenditure of these joint operations, classified in the appropriate balance sheet and income statement headings, except where its share of such amounts remain the responsibility of another party in accordance with the terms of carried interests as described at (i) below.

Where the Group enters into a farm-in agreement involving a licence in the exploration and evaluation phase, the Group records all costs that it incurs under the terms of the joint operating agreement as amended by the farm-in agreement as they are incurred.

Where the Group enters into a farm-out agreement involving a licence in the exploration and evaluation phase, the Group does not record any expenditure made by the farmee on its account. It also does not immediately recognise any gain or loss on its exploration and evaluation farm-out arrangements, but redesignates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained. Any cash consideration received directly from the farmee is credited against costs previously capitalised in relation to the whole interest with any excess accounted for by the farmor as a gain on disposal.

When the Group, acting as an operator or manager of a joint arrangement, receives reimbursement of direct costs recharged to the joint arrangement, such recharges represent reimbursements of costs that the operator incurred as an agent for the joint arrangement and therefore have no effect on profit or loss.

(g) Significant Accounting Judgements and Estimates

The preparation of the Group's consolidated financial statements in conformity with IFRSs requires management to make judgements and estimates that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the financial year. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

In particular, the Group has identified the following areas where significant judgements and estimates are required, and where if actual results were to differ, this could materially affect the financial position or financial results reported in a future financial year. Further information on each of these and how they impact the various accounting policies are described in the relevant notes to the financial statements.

Estimates:

Recoverable value of intangible assets

The Group has capitalised intangible exploration and evaluation assets in accordance with IFRS 6. Significant judgement is required in considering whether it is appropriate to continue to carry these costs on the balance sheet or whether the assets have been impaired. The key areas in which management has applied judgement and estimation include the Group's intention to proceed with a future work programme for a prospect or licence, the likelihood of licence renewal or plans for relinquishment, the assessment of results from wells or geological or geophysical studies, the likely impact of political factors including planning permissions and the assessment of whether the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale. Details of the Group's intangible exploration and evaluation assets are disclosed in note 9 to the financial statements.

1 Material Accounting Policies continued

(g) Significant Accounting Judgements and Estimate continued

Estimates continued:

Recoverable value of intangible assets continued

The Group has also capitalised intangible development costs and goodwill which are assessed for impairment at least annually and when circumstances indicate that the carrying value may be impaired. The assessment requires the use of estimates and assumptions such as long-term prices, discount rates, electricity/heat generation capacity and capital expenditure. These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable value of intangible development costs and goodwill. Details of the Group's capitalised development costs and goodwill are disclosed in note 9 to the financial statements.

Recoverable value of property, plant and equipment

Management reviews the Group's property, plant and equipment at least annually for impairment indicators which includes significant judgement. Where indicators are identified, the determination of recoverable amounts based on their fair value less costs of disposal requires significant estimation around key assumptions which include those related to GBP to US dollar foreign exchange rates, the impact of climate change on cash flows and commodity prices that are based on forward curves and long-term corporate assumptions thereafter, discount rates that are risked to reflect conditions specific to individual assets, future costs, both capital and operating, that are based on management's estimates having regard to past experience and the known characteristics of the individual assets, reserves (discussed below) and future production. Details of the Group's property, plant, and equipment are disclosed in note 10 to the financial statements.

Proved and probable reserves and contingent resources

The volume of proved and probable oil and gas reserves is an estimate that affects the unit of production depletion of producing oil and gas assets as well as being a significant estimate affecting decommissioning provisions and impairment calculations. Contingent resources affect the estimation of the recoverable value of exploration and evaluation assets in impairment tests. Proved and probable reserves and contingent resources are estimated using standard recognised evaluation techniques. Estimates are reviewed at least annually and are also periodically estimated by independent consultants. Future development costs are estimated taking into account the level of development required to produce the reserves by reference to operators, where applicable, and internal engineers.

Deferred tax asset recognition

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which losses can be utilised. Determining the amount of deferred tax assets that can be recognised requires an estimation of the likely timing and the level of future taxable profits based on cash flows expected to be generated from internal estimates of projected production and costs along with consideration of future tax planning strategies. Details of the Group's deferred tax assets, including those not recognised due to uncertainty regarding their future utilisation, are disclosed in note 7 to the financial statements.

Decommissioning costs

The estimated cost of decommissioning at the end of the producing lives of fields is reviewed periodically and is based on multiple factors including any changes to the applicable legal framework, estimates of the extent and costs of decommissioning activities, learnings from decommissioning performed at the Group's other producing fields and the emergence of new technology and restoration techniques. Provision is made for the estimated cost at the balance sheet date, using a discounted cash flow methodology and a risk free rate of return. Details of the Group's decommissioning provisions are disclosed in note 19 to the financial statements.

Judgements:

Functional currency

The determination of functional currency often requires significant judgement where the primary economic environment in which a company operates may not be clear. The parent entity reconsiders the functional currency of its entities if there is a change in the underlying transactions, events and conditions, which determines the primary economic environment. Whilst the majority of the Group's revenue is denominated in USD and all of the external borrowings are denominated in Euro, the Group has determined that the functional currency of the parent entity and for most of the Group entities is UK pound sterling, given the majority of the Group's operations are carried out in the UK and the majority of its operational transactions other than revenue and borrowings are denominated in that currency.

Capitalisation of development costs

The Group undertakes geothermal development activity and projects which can be at various stages in their project lifecycle during a reporting period. Management applies significant judgement to assess at what stage, activity on these projects becomes development work that meets the criteria for capitalisation, in line with the requirements of paragraph 57 of IAS 38. See note 9 for the details of the Group's capitalised development costs. Activity in the early stages of the projects is classified as research and non-capitalised development costs and these are expensed in the income statement.

(h) Revenue

Revenue comprises the invoiced value of goods and services supplied by the Group, net of value added tax and trade discounts. Revenue is recognised at a point in time when the control of the goods has passed onto the customers and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. In the case of oil, gas and electricity sales, these are recognised when goods are delivered and title has passed to the customer. This generally occurs when the product is physically delivered to the customer's premises or transferred into a vessel, pipe or other delivery mechanism. There are no other performance obligations for the Group under the sale contracts other than the sale of goods to the customer upon their delivery.

Revenue from the production of oil from fields in which the Group has an interest with other producers, is recognised based on the Group's working interest and the terms of the relevant production sharing contracts. Where oil produced by third parties is processed and delivered to a refinery by the Group, the measurement of the revenue depends upon whether physical title to the oil passes to the Group or whether the Group simply acts as an agent for the producer.

1 Material Accounting Policies continued

(i) Non-current Assets

Development costs

Acquired development costs are initially recorded at cost, which is their fair value on acquisition date. After initial recognition, capitalised development costs are recorded at cost less accumulated impairment losses, as applicable, and represent costs incurred for the design and development of deep geothermal heat projects.

Costs on development activities are capitalised if the project is technically and commercially feasible, the entity intends and has the technical ability and sufficient resources to complete development, future benefits are probable and if the entity can measure reliably the expenditure attributable to the intangible assets during its development. Expenditure capitalised includes direct labour, costs directly relating to the project such as geological studies and planning permits and an appropriate proportion of relevant overheads and capitalised borrowing costs. When it is no longer probable that a project will be carried out, the project's development costs incurred to that date are expensed. Other expenditure is recognised in the profit and loss account as incurred.

Development costs are tested for impairment at least annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of each Cash Generating Unit (the "CGU") or group of CGUs to which the development costs relate. Recoverable amount is the higher of fair value less costs of disposal and value-in-use. Where the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised.

Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the income statement.

Intangible exploration and evaluation assets

The Group accounts for exploration and evaluation costs in accordance with the requirements of IFRS 6 Exploration for and Evaluation of Mineral Resources as follows:

- Any costs incurred prior to obtaining the legal rights to explore an area are expensed immediately to the income statement;
- Expenditures recognised as exploration and evaluation assets comprise those related to the acquisition of rights to explore, topographical, geological, geochemical and geophysical studies, exploratory drilling (including coring and sampling), activities in relation to evaluating the technical feasibility and commercial viability of extracting hydrocarbons (including appraisal drilling and production tests) and any land rights acquired for the sole purpose of effecting these activities. These costs include employee costs, directly attributable overheads, materials and consumables, equipment costs and payments made to contractors;
- Tangible assets acquired for use in exploration and evaluation activities are classified as property, plant and equipment. However, to the extent that such tangible assets are consumed in developing an intangible exploration and evaluation asset, the amount reflecting that consumption is recorded as part of the exploration and evaluation asset;
- Expenditures recognised as exploration and evaluation assets are initially accumulated and capitalised by reference to appropriate licence/geographic areas. Expenditures recognised as exploration and evaluation assets are transferred to property plant and equipment and classified as oil and gas assets when technical feasibility and commercial viability of extracting hydrocarbons is demonstrable; and
- Exploration and evaluation assets are assessed for impairment (on the basis described below), and any impairment loss recognised, before reclassification.

Impairment testing of exploration and evaluation assets

Expenditures recognised as exploration and evaluation assets are tested for impairment whenever facts and circumstances suggest that they may be impaired, which includes when a licence is approaching the end of its term and is not expected to be renewed, when there are no substantive plans for continued exploration or evaluation of an area, when the Group decides to abandon an area, or where development is likely to proceed in an area but there are indications that the exploration and evaluation asset costs are unlikely to be recovered in full either by development or through sale.

Where the Group identifies any such indications that an asset may be impaired, the Group performs an assessment of the recoverable value in accordance with the requirements of IAS 36. Any impairment loss is recognised immediately in the income statement.

1 Material Accounting Policies continued

(i) Non-current Assets continued

Property, plant and equipment – oil and gas assets

- Oil and gas assets and other property, plant and equipment are stated at cost, less accumulated depreciation or depletion and accumulated impairment losses;
- The cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation and, for qualifying assets where relevant, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The cost of oil and gas assets also includes an amount equal to the decommissioning cost estimate;
- Oil and gas assets are depleted either on a unit of production basis, commencing at the start of commercial production, or depreciated on a straight-line basis over the relevant asset's estimated useful life. Where expenditure is depreciated on a unit of production basis, the depletion charge is calculated according to the proportion that production bears to the proven and probable reserves for each property, after taking account of estimated future development expenditure relating to those reserves; and
- Net proceeds from any disposal of development/producing assets are compared to the previously capitalised costs for the relevant asset or group of assets. A gain or loss on disposal of a development/producing asset is recognised in the income statement to the extent that the net proceeds exceed or are less than the appropriate portion of the net capitalised costs of the asset or group of assets.

The Group's interests in oil and gas assets are assessed for indications of impairment including events or changes in circumstances which indicate that the carrying value of an asset may not be recoverable. Any impairment in value is charged to the income statement.

Impairment tests are carried out on the following basis:

- By comparing the sum of any amounts carried in the books to the recoverable amount;
- The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. The Group generally assesses the fair value less costs of disposal using the estimated future cash flows which are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU; and
- Where there has been a charge for impairment in an earlier financial year that charge will be reversed in a later financial year where there has been a change in circumstances to the extent that the recoverable amount is higher than the net book value at the time. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years.

Decommissioning

Where a liability for the removal of production facilities or site restoration exists, a provision for decommissioning is recognised. The amount recognised is discounted to its present value and is reflected in the Group's non-current liabilities, unless the decommissioning activity is expected to be undertaken in the next 12 months in which case it is reflected as a current liability. A corresponding asset is included in the appropriate category of the Group's non-current assets (intangible exploration and evaluation assets and property, plant and equipment), depending on the accounting treatment adopted for the underlying operations/asset leading to the decommissioning provision. The asset is assessed for impairment and depleted in accordance with the Group's policies as set out above.

Carried interests

Where the Group has entered into carried interest agreements in exploration and evaluation projects and the Group's interest is being carried by a third-party, no amounts are recorded in the financial statements where expenditure incurred under such agreements is not refundable. Where expenditure is refundable, out of what would but for the carry agreements have been the Group's share of production, the Group records amounts as non-current assets, with a corresponding offset in current liabilities or non-current liabilities, as appropriate, but only once it is apparent that it is more likely than not that future production will be adequate to result in a refund under the terms of any carry agreement; the Group records refunds only to the extent that they are expected to be repayable.

Other property plant and equipment

Other property plant and equipment is stated at cost to the Group less accumulated depreciation. Depreciation is provided on such assets, with the exception of freehold land, at the following rates calculated to write off the cost of fixed assets, less their estimated residual values, over their estimated useful lives, with any impairment being accounted for as additional depreciation:

Freehold land	– indefinite useful life
Buildings/leasehold property improvements	– over five to ten years on a straight line basis/over the period of the lease
Fixtures, fittings and equipment	– between three and twenty years on a straight-line basis
Motor vehicles	– over four years on a straight-line basis

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The carrying amount of an item of property, plant and equipment is derecognised on disposal which is the date on which the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in IFRS 15 (Revenue from Contracts with Customers). Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the income statement.

The Group does not capitalise amounts considered to be immaterial.

CONSOLIDATED FINANCIAL STATEMENTS – NOTES CONTINUED

for the year ended 31 December 2024

1 Material Accounting Policies continued

(j) Financial Instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash held on current account or on short-term deposits at variable interest rates with original maturity periods of up to three months. Any interest earned is accrued on a monthly basis.

Bank balances for which use by the Group is subject to third-party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in note 15. If the contractual restrictions to use the cash extend beyond 12 months after the end of the reporting period, the related amounts are classified as non-current in the statement of financial position.

Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are initially recognised at the amount of consideration that is unconditional, unless they contain significant financing components, in which case they are recognised at fair value. Details about the Group's impairment policy and the calculation of loss allowance is provided in the Impairment of financial assets accounting policy below.

Trade and other payables

These financial liabilities are all non-interest bearing and are initially recognised at the fair value of the consideration payable and subsequently measured at amortised cost.

Derivative financial instruments and hedge accounting

The Group enters into derivative financial instruments to manage its exposure to fluctuations in foreign exchange rates and variability in the price realised on a proportion of its crude oil production. All derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each financial year end. Apart from those derivatives designated as qualifying cash flow hedging instruments, all changes in fair value are recorded within operating profit/loss in the year in which they arise, otherwise they are recognised in other comprehensive income.

Fair value is the amount for which a financial asset, liability or instrument could be exchanged between knowledgeable and willing parties in an arm's length transaction. It is determined by reference to quoted market prices adjusted for estimated transaction costs that would be incurred in an actual transaction, or by the use of established estimation techniques such as option pricing models and estimated discounted values of cash flows. The fair value of derivative financial instruments has been calculated on a discounted cash flow basis by reference to forward market prices and risk free returns adjusted in the case of derivative financial liabilities by an appropriate credit spread.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) on financial assets measured at amortised cost. These are measured at an amount equal to a lifetime ECL as these relate to trade and other receivables and a simplified approach can be adopted. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

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 Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

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

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 Group determines that the debtor does not have the assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

(k) Borrowings

Borrowings are measured initially at fair value. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (the "EIR") method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the EIR amortisation process. When management's estimates of the amounts or timings of cash flows are revised, borrowings are re-measured using the revised cash flow estimates under the original effective interest rate with any consequent adjustment being recognised in the income statement.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the income statement.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of these assets, until such time the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the income statement in the financial year in which they are incurred.

Derecognition

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the income statement.

1 Material Accounting Policies continued

(l) Leases

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (defined as assets with a value of £5,000 or less when new). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Lease liabilities

The Group recognises lease liabilities measured at the present value of the lease payments to be made over the lease term using the incremental borrowing rate. Lease payments include fixed payments less any lease incentives receivable and variable lease payments that depend on an index. The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, adjusted for any lease payments made at or before the commencement date, less any lease incentives received. Right-of-use assets are depreciated over the shorter of the asset's useful life or the lease term on a straight-line basis. Right-of-use assets are subject to and reviewed regularly for impairment. Depreciation on right-of-use assets is included in depletion, depreciation and amortisation within cost of sales or in administrative expense in the consolidated income statement based on the nature of the asset.

Extension, renewal and termination options

Extension, renewal and termination options are included in a number of land, property, motor vehicles and other equipment leases across the Group. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an option to extend or renew, or not exercise a termination option. Extension and renewal options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Amounts recognised in cash flow statement

Lease payments represent the repayment of principal and interest and are classified within financing cash flows in the cash flow statement.

(m) Inventories

Inventories, consisting of crude oil, and drilling and maintenance materials, are stated at the lower of cost and net realisable value. Costs comprise costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Weighted average cost is used to determine the cost of ordinarily inter-changeable items.

(n) Taxation

The tax charge/credit includes current and deferred tax.

Current income tax assets and liabilities are measured at the amount expected to be recovered or paid to the tax authorities. Taxable profit/(loss) differs from the profit/(loss) before taxation as reported in the income statement as it excludes items of income or expense that are taxable or deductible in different financial years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date except when the deferred tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting nor taxable profit or loss. Temporary differences arise from differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax balances are not discounted. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered and the carrying amount is reviewed at each reporting date. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the financial year when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside the income statement is recognised in correlation to the underlying transaction, either in other comprehensive income or directly in equity. Deferred tax assets and liabilities are offset only if certain criteria are met.

1 Material Accounting Policies continued

(o) Share-based Payments

Where share options are awarded to employees including Directors, the fair value of the options at the date of the grant is expensed over the vesting period and recorded in equity (share plan reserves). Non-market vesting conditions, but only those related to service and performance, are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. All other vesting conditions, including market vesting conditions, are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, the amount recorded is computed irrespective of whether the market vesting conditions are satisfied. The cumulative amount recognised is not adjusted for the failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured by the change from immediately before to after the modification, is expensed over the remaining vesting period, with a corresponding adjustment to reserves.

When an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

Where an equity settled award is identified as a replacement it will be treated as a modification to the original plan where the incremental fair value of the replacement award is expensed over the vesting period of the replacement award. The fair value of the original award on its grant date continues to be recognised as an expense over its original vesting period.

Where equity instruments are granted to persons other than employees, the amount recognised in equity is the fair value of goods and services received.

Charges corresponding to the amounts recognised in equity are accounted for as a cost in the income statement unless the services rendered qualify for capitalisation as a non-current asset. Costs may be capitalised within non-current assets in the event of services being rendered in connection with an acquisition of intangible assets or property, plant and equipment.

Where shares are issued to an Employee Benefit Trust, and the Company is the sponsoring entity, the value of such shares at issue will be recorded in share capital and share premium account in the ordinary way, but will not affect shareholders' funds since this same value will be shown as a deduction from shareholders' funds by way of a separate component of equity (treasury shares reserve).

Amounts recognised in the share plan reserves and treasury share reserve are not subsequently reclassified within equity.

(p) Post-retirement Benefits

A subsidiary within the Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged to the income statement represents the contributions paid/payable to the scheme in respect of the accounting financial year.

(q) Equity

Equity instruments issued by the Company are usually recorded at the proceeds received, net of direct issue costs, and allocated between called up share capital and share premium accounts as appropriate.

(r) Foreign Currency

The consolidated financial statements are presented in UK pound sterling, the functional currency of Star Energy Group plc. Transactions denominated in currencies other than the functional currency are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of exchange ruling at the balance sheet date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of transaction. All differences that arise are generally recorded in the income statement and presented within finance costs.

For the purposes of consolidation, the assets and liabilities of the Group's foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated at exchange rates prevailing on the reporting date. The income and expense of foreign operations are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve, except to the extent that the translation difference is allocated to the non-controlling interests.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a foreign exchange translation reserve in respect of that operation attributable to the owners of the Parent Company are reclassified to profit or loss.

(s) Government Grants

Government grants are recognised in the income statement on a systematic basis over the financial years in which the Group recognises as expenses the related costs for which the grants are intended to compensate and are presented net against the related costs.

2 Revenue

The Group derives revenue solely within the United Kingdom from the transfer of control over the goods and services to external customers, which is recognised at a point in time when the performance obligation has been satisfied by the transfer of goods. The Group's major product lines are:

	Year ended 31 December 2024 £000	Year ended 31 December 2023 £000
Oil sales	**42,794**	46,448
Electricity sales	**550**	1,162
Gas sales	**249**	1,856
Other	**58**	–
	43,651	49,466

Revenues of approximately £21.6 million and £21.2 million were derived from the Group's two largest customers (2023: £23.6 million and £22.8 million) and are attributed to the oil sales.

As at 31 December 2024, there are no contract assets or contract liabilities outstanding (2023: nil).

3 Operating (Loss)/Profit

	Year ended 31 December 2024 £000	Year ended 31 December 2023 £000
Operating (loss)/profit is stated after charging:		
Staff costs – gross (note 5)	**(11,847)**	(12,886)
Depletion, depreciation and amortisation*	**(6,517)**	(8,291)
Remuneration payable to the Group's external auditors:		
Fees payable to the Group's external auditors for the audit of the consolidated financial statements:		
Audit of the consolidated financial statements	**(340)**	(310)
Fees payable to the Group's external auditors for other services:		
Audit-related assurance services	**–**	(50)
Other expense**	**(2,000)**	–

* Reconciliation of depletion, depreciation and amortisation is as follows:

Depletion, depreciation and amortisation

	Property, plant and equipment (note 10) £000	**Right-of-use assets (note 12) £000**	**Year ended 31 December 2024 £000**	Property, plant and equipment (note 10) £000	Right-of-use assets (note 12) £000	Year ended 31 December 2023 £000
Cost of sales	**(5,293)**	**(1,179)**	**(6,472)**	(6,986)	(1,255)	(8,241)
Administrative expenses	**(35)**	**(10)**	**(45)**	(26)	(24)	(50)
Total depletion, depreciation and amortisation	**(5,328)**	**(1,189)**	**(6,517)**	(7,012)	(1,279)	(8,291)

** Other expense of £2.0 million relates to cost incurred in connection with the sale of the land located at the site of the decommissioned Holybourne processing facility. The Group exchanged contracts for the sale of this land in November 2024 for a cash consideration of £6.3 million. Completion of the sale was conditional on the satisfaction of planning conditions and the surrender of the site's environmental permit which occurred in April 2025.

4 Derivative Financial Instruments

Gain/(loss) on oil price derivatives

	Year ended 31 December 2024 £000	Year ended 31 December 2023 £000
Realised gain on oil price derivatives	**339**	500
Unrealised gain/(loss) on oil price derivatives	**398**	(525)
	737	(25)

5 Employee Information

	Year ended 31 December 2024 £000	Year ended 31 December 2023 £000
Staff costs comprised:		
Wages and salaries	**9,326**	10,230
Social security costs	**1,227**	1,132
Other pension costs	**600**	598
Redundancy and termination benefits	**482**	166
Employee share-based payment cost	**212**	760
	11,847	12,886

	Year ended 31 December 2024 No.	Year ended 31 December 2023 No.
Average monthly number of employees including Directors in the year		
Operations, including services	**112**	113
Administrative	**33**	34
	145	147

Details of Directors' remuneration are set out in note 26.

A proportion of the Group's staff costs shown above is capitalised as additions to intangible assets and property, plant and equipment or charged to joint venture partners as part of our time writing rate and in accordance with the Group's accounting policies.

6 Finance Costs

	Year ended 31 December 2024 £000	Year ended 31 December 2023 £000
Interest on borrowings	**(817)**	(885)
Amortisation of finance fees on borrowings	**(226)**	(268)
Net foreign exchange (loss)/gain	**(84)**	153
Unwinding of discount on decommissioning provision (note 19)	**(2,537)**	(2,596)
Interest charge on lease liability (note 12)	**(709)**	(727)
Other interest payable	**(432)**	(103)
	(4,805)	(4,426)

7 Income Tax

(i) Tax Charge on (Loss)/Profit from Continuing Ordinary Activities

	Year ended 31 December 2024 £000	Year ended 31 December 2023 £000
Current tax:		
Charge for the year	2,110	1,099
Adjustments in respect of prior periods	(136)	–
Total current tax charge	1,974	1,099
Deferred tax:		
Charge relating to the origination or reversal of temporary differences	6,570	8,611
Credit due to tax rate changes	(1,070)	–
Charge/(credit) in relation to prior years	659	(1,450)
Total deferred tax charge	6,159	7,161
Total income tax charge	8,133	8,260

(ii) Factors Affecting the Tax Charge

The majority of the Group's profits are generated by "ring-fence" businesses which attract UK corporation tax and supplementary charges at a combined average rate of 40% (2023: 40%), in addition to the Energy Profit Levy (EPL) introduced in May 2022 with an average rate of 36% for the year (2023: 35%).

A reconciliation of the UK statutory corporation tax rate (applicable to oil and gas companies) applied to the Group's (loss)/profit before tax to the Group's total tax charge is as follows:

	Year ended 31 December 2024 £000	Year ended 31 December 2023 £000
(Loss)/profit before tax	(4,461)	2,769
Expected tax charge/(credit) based on (loss)/profit multiplied by an average combined rate of corporation tax and supplementary charge and Energy Profit Levy in the UK of 76% (2023: 75%)	(3,368)	2,077
Tax charge/(credit) in respect of prior years	523	(1,450)
Expenses not allowable for tax purposes	469	1,502
Differences in amounts not allowable for supplementary charge purposes*	99	(29)
Impact of profits or losses taxed or relieved at different rates	3,484	1,218
Net increase in unrecognised losses carried forward	7,808	5,178
Net increase/(decrease) in unrecognised temporary taxable differences	188	(236)
Tax rate change	(1,070)	–
Tax charge on (loss)/profit	8,133	8,260

* Amounts not allowable for supplementary charge purposes relate to net financing costs disallowed for supplementary charge offset by investment allowance, which is deductible against profits subject to supplementary charge.

(iii) Deferred Tax

The movement on the deferred tax asset in the year is shown below:

	2024 £000	2023 £000
Asset at 1 January	37,192	44,813
Tax (charge)/credit relating to prior year	(659)	1,450
Tax charge during the year	(6,570)	(8,611)
Tax credit arising due to the changes in tax rates	1,070	–
Deferred tax arising from business combination	–	(454)
Exchange differences	21	(6)
Asset at 31 December	31,054	37,192

CONSOLIDATED FINANCIAL STATEMENTS – NOTES CONTINUED
for the year ended 31 December 2024

7 Income Tax continued

(iii) Deferred Tax continued

The following is an analysis of the deferred tax asset by category of temporary difference:

	31 December 2024 £000	31 December 2023 £000
Accelerated capital allowances	(24,439)	(25,321)
Tax losses carried forward	34,924	44,388
Investment allowance unutilised	2,311	2,051
Decommissioning provision	18,104	15,737
Unrealised gains or losses on derivative contracts	(310)	–
Share-based payments	42	68
Right-of-use asset and liability	422	269
Deferred tax asset	**31,054**	37,192

(iv) Corporation Tax Payable

The movement on the Corporation tax payable in the year is shown below:

	2024 £000	2023 £000
Payable at 1 January	(1,099)	–
Tax charge during the year	(2,110)	(1,099)
Adjustment in respect of prior periods	136	–
Payable at 31 December	**(3,073)**	(1,099)

(v) Tax Losses

The Group has gross total tax losses and similar attributes carried forward of £367.8 million (2023: £362.1 million). Deferred tax assets have been recognised in respect of tax losses and other temporary differences where the Directors believe it is probable that these assets will be recovered based on a five-year profit forecast or to the extent that there is offsetting deferred tax liabilities. Such recognised tax losses include £85.0 million (2023: £109.5 million) of ringfence corporation tax losses which will be recovered at 30% of future taxable profits, £70.2 million (2023: £92.6 million) of supplementary charge tax losses which will be recovered at 10% of future taxable profits and £4.1 million (2023: £4.3 million) of losses arising under the EPL regime which will be recovered at 38% of future taxable profits.

(vi) Changes in Legislation

In October 2024, the UK Government announced the following changes to the EPL regime:

- An increase in the EPL rate from 35% to 38%
- Removal of the main EPL investment allowance of 29%
- An extension of the EPL regime to 31 March 2030.

The rate increase and the investment allowance removal were substantively enacted at the balance sheet date and took effect from 1 November 2024. These changes resulted in an increase in the tax charge of £0.3 million. The EPL extension to 31 March 2030 was substantively enacted on 3 March 2025 and is therefore not reflected in the financial statements as at 31 December 2024. This impact will be included in the financial statements for the following period. Had the extension been enacted at the balance sheet date, an additional deferred tax charge of £2.7 million would have been recognised in the current financial statements.

8 Earnings Per Share (EPS)

Basic EPS amounts are based on the loss for the year after taxation attributable to the ordinary equity holders of the Parent Company of £11.3 million (2023: £4.5 million) and the weighted average number of ordinary shares outstanding during the year of 129.3 million (2023: 127.7 million).

Diluted EPS amounts are based on the loss for the year after taxation attributable to the ordinary equity holders of the Parent Company and the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the potentially dilutive ordinary shares into ordinary shares, except where these are anti-dilutive.

As at 31 December 2024, there are 6.0 million potentially dilutive share options (31 December 2023: 7.5 million potentially dilutive share options) which were not included in the calculation of diluted earnings per share as their conversion to ordinary shares would have decreased the loss per share.

The following reflects the income and share data used in the basic and diluted earnings per share:

	Year ended 31 December 2024	Year ended 31 December 2023
Basic loss per share – ordinary shares of 0.002 pence each	**(8.74p)**	(3.52p)
Diluted loss per share – ordinary shares of 0.002 pence each	**(8.74p)**	(3.52p)
Loss for the year attributable to equity holders of the Parent Company – £000	**(11,295)**	(4,493)
Weighted average number of ordinary shares in the year– basic EPS	**129,275,299**	127,671,520
Weighted average number of ordinary shares in the year– diluted EPS	**129,275,299**	127,671,520

9 Intangible Assets

				2024				2023
	Exploration and evaluation assets £000	**Goodwill £000**	**Development costs £000**	**Total £000**	Exploration and evaluation assets £000	Goodwill £000	Development costs £000	Total £000
At 1 January	**5,655**	**1,196**	**6,972**	**13,823**	5,558	–	3,710	9,268
Additions	**176**	**–**	**30**	**206**	553	–	705	1,258
Amounts recognised on acquisition of a subsidiary	**–**	**–**	**–**	**–**	–	1,311	2,529	3,840
Exchange differences	**–**	**(55)**	**(117)**	**(172)**	–	15	28	43
Transfer to property, plant and equipment	**(8)**	**–**	**–**	**(8)**	–	–	–	–
Impairment	**(1,854)**	**–**	**(4,259)**	**(6,113)**	(456)	(130)*	–	(586)
At 31 December	**3,969**	**1,141**	**2,626**	**7,736**	5,655	1,196	6,972	13,823

Exploration and Evaluation Assets

Exploration costs impaired in the financial year to 31 December 2024 were £1.9 million (2023: £0.5 million) which were substantially all related to the capitalised exploration costs at PEDL 235, where the Board decided not to renew our exploration licence given the potential challenges with obtaining relevant planning and regulatory approvals.

The 2023 exploration costs impaired included £0.3 million of early-stage projects relating to our conventional assets where it was assessed that there was no further development prospect and £0.2 million related to trailing costs on previously impaired unconventional licences.

The remaining £4.0 million (2023: £5.7 million) of capitalised exploration expenditure relates to our conventional assets including PL 240. Management has assessed the remaining capitalised exploration expenditure for indications of impairment under IFRS 6 Exploration for and Evaluation of Mineral Resources and did not identify any factors indicating a need to perform detailed impairment testing.

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9 Intangible Assets continued

Goodwill
The carrying value of goodwill relates to the acquisition of an interest in A14 Energy Limited during 2023. The Group has identified four Cash Generating Units (CGUs) within our geothermal business, whereby technical, economic and/or contractual features create underlying interdependence in the cash flows. These CGUs correspond to the three Croatian geothermal licences (Ernestinovo, Sječe and Pčelić) and the UK geothermal business. The carrying amount of goodwill has been allocated to the following CGUs:

	31 December 2024 £000	31 December 2023 £000
Sječe licence	352	369
Pčelić licence	351	368
Ernestinovo licence	438	459
	1,141	1,196

* During the previous year, goodwill of £0.1 million allocated to the Leščan CGU was fully impaired since the related licence was not awarded to the Group. No goodwill has been allocated to the UK geothermal business CGU.

The Group reviewed the carrying value of the Sječe licence and Pčelić licence CGUs at 31 December 2024 and assessed them for impairment. The recoverable amount for these CGUs was based on their fair value less costs of disposal which was calculated using key assumptions in relation to electricity generation volumes, future electricity prices, project capital expenditure and discount rate. The recoverable amount was higher than the carrying values of these CGUs, hence no impairment charge was recognised against allocated goodwill during the year.

The Group also reviewed the carrying value of the Ernestinovo licence CGU (which includes the related goodwill) at 31 December 2024, as further detailed below, with no impairment charge being recognised against goodwill allocated to this CGU in the year (2023: £nil).

Development Costs
Development costs relate to assets acquired as part of the GT Energy acquisition in 2020, and assets acquired relating to the Ernestinovo licence as part of the A14 Energy acquisition in 2023.

The carrying amount of development costs is split between CGUs as follows:

	31 December 2024 £000	31 December 2023 £000
UK Geothermal business	186	4,415
Ernestinovo licence	2,440	2,557
	2,626	6,972

Development Costs Relating to UK Geothermal Business
The costs allocated to this CGU primarily related to the design and development of deep geothermal heat projects in the United Kingdom, with the principal project being at Etruria Valley, Stoke-on-Trent.

At 30 June 2024 the Group reviewed the carrying value of the development costs and assessed it for impairment. Following the launching of the Green Heat Network Fund (GHNF) by the UK government in March 2022, it had been the intention that 50% of the project's total combined commercialisation and construction costs would be funded through a grant from the fund. A grant funding request was jointly submitted by GT Energy and SSE in the second half of 2022, with SSE as lead applicant. Following an extended due diligence process (with technical and commercial aspects of the project being signed off by a third-party consultant in 2023), in 2024, SSE submitted a project change request seeking to amend the capital grant and timetable. Further amendments saw the project change its focus to being fed by a proposed new 'Energy from Waste' facility. This meant that the project could not progress in its intended form. Therefore, the decision was taken at 30 June 2024 to fully impair the capitalised amounts relating to the Stoke project, resulting in an impairment charge of £4.3 million (2023: £nil).

Development Costs Relating to Ernestinovo Licence
The development costs associated with Ernestinovo licence relate to the fair value of assets acquired as part of the A14 Energy acquisition made in 2023. The costs relate to the value of the licence award and work performed up to the acquisition date in progressing with the re-entry of an existing well on the licence.

The Group reviewed the carrying value of the Ernestinovo licence CGU as at 31 December 2024 and assessed it for impairment. The recoverable amount for the CGU was based on its fair value less costs of disposal which was calculated using key assumptions in relation to electricity generation volumes, future electricity prices, project capital expenditure and discount rate. The recoverable amount calculated above was higher than the carrying value of the CGU, hence no impairment charge was recognised against capitalised development cost or allocated goodwill during the year (2023: £nil).

10 Property, Plant and Equipment

	2024			2023		
	Oil and gas assets £000	Other property, plant and equipment £000	Total £000	Oil and gas assets £000	Other property, plant and equipment £000	Total £000
Cost						
At 1 January	226,888	1,734	228,622	220,301	2,046	222,347
Additions	4,812	–	4,812	6,920	27	6,947
Transfer from exploration and evaluation assets	8	–	8	–	–	–
Disposals/write-offs	–	(25)	(25)	–	(339)	(339)
Changes in decommissioning*	(2,829)	–	(2,829)	(333)	–	(333)
At 31 December	228,879	1,709	230,588	226,888	1,734	228,622
Accumulated Depreciation, Depletion and Impairment						
At 1 January	154,004	624	154,628	147,022	594	147,616
Charge for the year	5,293	35	5,328	6,982	30	7,012
Disposals/write-offs	–	(25)	(25)	–	–	–
At 31 December	159,297	634	159,931	154,004	624	154,628
NBV at 31 December	69,582	1,075	70,657	72,884	1,110	73,994

* The decommissioning asset reduced in line with the decommissioning liability following a review of the estimate at 31 December 2024 (note 19).

Capital expenditure incurred during the year mostly related to upgrades at various sites and a number of projects carried out to generate near-time production and to offset field declines by upgrading existing facilities and systems and optimising production at a number of sites.

Impairment of Oil and Gas Assets
Year ended 31 December 2024
Cash Generating Units (CGUs) for impairment purposes are the group of fields whereby technical, economic and/or contractual features create underlying interdependence in the cash flows. The Group has identified the three main producing CGUs as: North, South, and Scotland. At each balance sheet date, the Group assesses its CGUs for impairment whenever events or changes in circumstances indicate that the carrying amount of the CGU may not be recoverable. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. An impairment assessment was performed for all three CGUs at the balance sheet date as a result of the identification of impairment indicators, mainly a downward revision in the reserve estimates and changes to the Energy Profits Levy regime in the year. An impairment indicator was noted for the Scotland CGU given the delay in the finalisation of the potential sale of the underlying site.

The recoverable amounts of the North and South CGUs have been estimated by assessing the fair value less costs of disposal using a discounted cash flow methodology. The recoverable amount of the Scotland CGU has been estimated by assessing the fair value less costs of disposal with respect to a potential sale of the site.

The future cash flows in the discounted cash flow models for the North and South CGUs were estimated using the following key assumptions:

- Group's estimate of proved plus probable reserves at the balance sheet date
- Oil price (Brent): $75-$70/bbl for the years 2025-2029 and $75/bbl thereafter
- USD/GBP foreign exchange rate: Range of $1.25:£1.00 – $1.30:£1.00
- Post-tax discount rate: 9.9%

Outcome of impairment reviews:
The 31 December 2024 impairment assessment resulted in a recoverable amount greater than the carrying amount by £5.8 million in the South CGU (recoverable amount of £35.1 million) and £1.9 million in the North CGU (recoverable amount of £33.1 million). At the Scotland CGU, no impairment charge was recognised, with the recoverable amount of £0.5 million assessed to approximate the carrying value of the CGU (which includes the carrying value of the associated decommissioning liability).

10 Property, Plant and Equipment continued

Impairment of Oil and Gas Assets continued

Year ended 31 December 2024 continued

Sensitivity of changes in assumption:

The principal assumptions in the discounted cash flow methodology are future production, estimated Brent prices, the USD/GBP long-term foreign exchange rate, and the discount rate. The impact on the recoverable amount that would result from changes to the key assumptions at 31 December 2024 are shown below:

CGU	10% reduction in price £m	10% reduction in production £m	Increase in USD/GBP long-term foreign exchange rate to $1.35 £m	Increase in discount rate by 1% £m
North	(8.82)	(8.87)	(2.46)	(1.72)
South	(8.32)	(9.94)	(2.75)	(1.91)

The sensitivity analysis above does not take into account any mitigating actions available to management should these changes occur, such as implementing cost savings and other process efficiencies.

No impairment charge has been recognised for the North, South or Scotland CGUs.

Year ended 31 December 2023

At 31 December 2023, an impairment assessment was performed for the North, South and Scotland CGUs as a result of identification of impairment indicators. The recoverable amounts of the North and South CGUs were estimated by assessing the fair value less costs of disposal using a discounted cash flow methodology. The recoverable amount of the Scotland CGU was estimated by assessing the fair value less costs of disposal with respect to a potential sale of the site.

The future cash flows in the discounted cash flow models for the North and South CGUs were estimated using the following key assumptions:

- Group's estimate of proved plus probable reserves at the balance sheet date
- Oil price (Brent): $78-$70/bbl for the years 2024-2028 and $65/bbl thereafter
- USD/GBP foreign exchange rate: Range of $1.27:£1.00 – $1.30:£1.00
- Post-tax discount rate: 9.5%

Outcome of impairment reviews:

The 31 December 2023 impairment assessment resulted in a recoverable amount greater than the carrying amount by £16.9 million in the South CGU (recoverable amount of £45.5 million) and £6.3 million in the North CGU (recoverable amount of £38.2 million). Despite historic impairments remaining un-reversed in the North CGU, no impairment reversal was recorded at the North CGU as reasonable downside cases indicated that an impairment could be required if certain plausible sensitivities were applied. Therefore, the factors that led to the initial impairment were assessed to have not fully reversed and management did not consider it appropriate to reverse a portion of the past impairment. At the Scotland CGU, no impairment charge was recognised, with the recoverable amount of £0.5 million assessed to approximate the carrying value of the CGU (which included the carrying value of the associated decommissioning liability).

11 Interest in Joint Arrangements

The Group's material joint operations as at 31 December 2024 are set out below:

Licences	Partner	Star Energy's interest	Operator
East Midlands			
PEDL169	Egdon	80%	Star Energy
PEDL 012	INEOS	55%	Star Energy
PEDL278	Egdon	50%	Star Energy
PEDL273	INEOS, Egdon	55%	Star Energy
PEDL316	INEOS, Egdon	55%	Star Energy
PEDL139	INEOS, Egdon	37%	Star Energy
PEDL140	INEOS, Egdon	37%	Star Energy
North West			
PEDL145	INEOS	40%	INEOS
PEDL147	INEOS	25%	Star Energy
PEDL189	INEOS	25%	Star Energy
PEDL193	INEOS	40%	INEOS
EXL 273	INEOS	15%	INEOS
Weald			
PL211	UKOG	90%	Star Energy
PEDL070	UKOG, Egdon, Aurora, Tetra	54%	Star Energy

12 Right-of-use Assets and Lease Liabilities

(a) Amounts Recognised in the Balance Sheet

The Group has identified lease portfolios for land, motor vehicles and other equipment as follows:

	31 December 2024 £000	31 December 2023 £000
Right-of-use assets		
Land	**6,478**	6,974
Motor vehicles and other equipment	**775**	452
	7,253	7,426

Additions to the right-of-use assets during the 2024 financial year were £1.0 million (2023: £1.4 million).

	31 December 2024 £000	31 December 2023 £000
Lease liabilities		
Current	**(1,145)**	(865)
Non-current	**(6,830)**	(6,981)
	(7,975)	(7,846)

CONSOLIDATED FINANCIAL STATEMENTS – NOTES CONTINUED
for the year ended 31 December 2024

12 Right-of-use Assets and Lease Liabilities continued

(b) Amounts Recognised in the Income Statement
The income statement includes the following amounts relating to leases:

	Year ended 31 December 2024 £000	Year ended 31 December 2023 £000
Depreciation charge of right-of-use assets		
Land	919	1,130
Motor vehicles and other equipment	270	149
	1,189	1,279
Other		
Interest charge (note 6)	709	727
Expense relating to leases of low-value and short-term leases (included in cost of sales and administrative expense)	807	461

(c) Amounts Recognised in the Cash Flow Statement
The cash flow statement includes the following amounts relating to leases:

	Year ended 31 December 2024 £000	Year ended 31 December 2023 £000
Repayment of interest on lease liabilities	709	727
Repayment of principal portion of lease liabilities	887	1,255
Total cash outflow	1,596	1,982

13 Inventories

	31 December 2024 £000	31 December 2023 £000
Oil stock	717	567
Drilling and maintenance materials	780	955
	1,497	1,522

14 Trade and Other Receivables

	31 December 2024 £000	31 December 2023 £000
Trade debtors	3,623	3,958
Prepayments	1,019	1,235
Other debtors	870	1,513
Loan notes receivable (i)	440	–
VAT recoverable	429	361
	6,381	7,067

Trade debtors are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally non-interest bearing and due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, in which case they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's consideration of credit risk are provided in note 23.

Due to the short-term nature of trade and other receivables, their carrying amount is considered to be the same as their fair value. No expected credit loss (ECL) has been recognised against trade receivables as it is considered to be immaterial.

(i) The convertible loan notes of €0.5 million (£0.4 million) were receivable from Peninsula International PTE Limited ("Peninsula"), the minority interest shareholder in the Group's subsidiary A14 Energy Limited ("A14 Energy"). The loan notes were non-interest bearing, had a repayment date of 31 December 2024 and were secured against 20 of the 49 shares held by Peninsula in A14 Energy. As the loan was not repaid by the due date, the Group exercised its conversion rights in January 2025. See note 28.

15 Cash and Cash Equivalents

	31 December 2024 £000	31 December 2023 £000
Cash at bank and in hand	**4,708**	3,855

Cash and cash equivalents do not include restricted cash.

Restricted Cash

	31 December 2024 £000	31 December 2023 £000
Current	**–**	410
Non-current	**4,282**	–

Restricted cash represents amounts held in a deposit account with a commercial bank as a collateral in support of performance guarantees issued by Tokio Marine Europe S.A. (an insurance company) for licence commitments relating to the Sječe and Pčelić exploration licences. The deposit is subject to restrictions during the tenure of the related performance guarantees and hence not available for general use of the Group. Also see note 22.

The previous year amount related to restoration deposits paid to Nottinghamshire County Council, which served as collateral for the restoration of drilling sites at the end of their life. This amount was collected in full during the year.

Net Debt Reconciliation

	31 December 2024 £000	31 December 2023 £000
Cash and cash equivalents	**4,708**	3,855
Borrowings – including capitalised fees	**(11,734)**	(5,358)
Net debt	**(7,026)**	(1,503)
Capitalised fees	**(503)**	(133)
Net debt excluding capitalised fees	**(7,529)**	(1,636)

	2024			2023		
	Cash and cash equivalents £000	**Borrowings £000**	**Total £000**	Cash and cash equivalents £000	Borrowings £000	Total £000
Net debt as at 1 January	**3,855**	**(5,358)**	**(1,503)**	3,092	(8,743)	(5,651)
Interest paid on borrowings	**(479)**	**–**	**(479)**	(809)	–	(809)
Other Interest paid	**(14)**	**–**	**(14)**	(575)	–	(575)
Drawdown on finance facility (note 18)	**12,530**	**(12,530)**	**–**	–	–	–
Repayment of RBL (note 18)	**(5,541)**	**5,541**	**–**	(3,284)	3,284	–
Foreign exchange adjustments	**(59)**	**229**	**170**	(230)	369	139
Capitalised transaction costs	**(610)**	**610**	**–**	–	–	–
Cash backing of performance guarantees	**(4,282)**	**–**	**(4,282)**	–	–	–
Other cash flows	**(692)**	**–**	**(692)**	5,661	–	5,661
Other non-cash movements	**–**	**(226)**	**(226)**	–	(268)	(268)
Net debt as at 31 December	**4,708**	**(11,734)**	**(7,026)**	3,855	(5,358)	(1,503)

16 Discontinued Operations

The divestment of assets acquired as part of the Dart Acquisition, namely the Rest of the World segment, was completed in 2016. The Group had a presence in a small number of Australian, Indian and Singaporean registered operations. During the year ended 31 December 2024, we finalised the liquidation process for the remaining of these overseas dormant subsidiaries, with formal deregistration of the final Australian entity (Dart Energy Pty Ltd). The total loss after tax in respect of discontinued operations was £nil (2023: £nil).

17 Trade and Other Payables

	31 December 2024 £000	31 December 2023 £000
Current		
Trade creditors	**(2,247)**	(3,750)
Employment taxes	**(253)**	(305)
Other creditors and accruals	**(4,231)**	(6,547)
Amounts due to partner in joint arrangement	**–**	(369)
	(6,731)	(10,971)
Non-current		
Other creditors and accruals	**(440)**	–
	(440)	–

Trade creditors are unsecured and are usually paid within 30 days of recognition.

Other creditors and accruals primarily consists of amounts accrued for operating, administrative and capital costs incurred by the Group.

The carrying amounts of each of the Group's financial liabilities included within trade and other payables are considered to be a reasonable approximation of their fair value.

18 Borrowings

	31 December 2024 £000	31 December 2023 £000
Reserve-Based Lending Facility (RBL) – secured (current)	**–**	(5,358)
Finance facility – secured (current)	**(6,488)**	–
Finance facility – secured (non-current)	**(5,246)**	–
	(11,734)	(5,358)

The carrying amounts of each of the Group's financial liabilities included within borrowings are considered to be a reasonable approximation of their fair value.

During the year, on 9 April 2024, the Group secured a €25.0 million finance facility with Kommunalkredit Austria AG (Kommunalkredit). The facility comprises of a facility A which was used to fund the repayment of the outstanding balance on the reserves based loan (RBL) facility, carries a fixed interest rate of 9.4% and is repayable on 30 June 2025 and a facility B which primarily provides funding for the Group's geothermal development activities, carries an interest rate of Euribor + 6% and has a five-year term with repayments commencing on 31 December 2025.

The Group is subject to the following financial covenants under the facility agreement, to be calculated and tested for compliance at 30 June and 31 December for each year of the agreement, in addition to when drawdowns are made, or as otherwise required by the facility agreement:

- Loan Life Cover Ratio ("LLCR") of greater than or equal to 1.25:1.
- Net Debt to Earnings before Interest, Tax, Depreciation, Amortisation, and Exceptional items ("EBITDAX") ratio of less than or equal to 2.00:1.
- Current ratio of the Group as defined in the facility agreement of greater than or equal to 1.00:1.
- Debt Service Cover Ratio ("DSCR") of greater than or equal to 1.10:1, for both projected and historic figures.
- Proved and developed reserves value to Net Debt ratio of greater than or equal to 2.50:1.

We complied with all the covenants applicable at the balance sheet date.

The balance at the end of the previous year related to the outstanding amount under the $40.0 million RBL facility with BMO Capital Markets (BMO). The facility was due to mature in June 2024 and the outstanding balance was repaid in April 2024 from the proceeds of the Kommunalkredit facility. The facility carried an interest rate of USD LIBOR plus 4.0% and was secured on the Group's assets. USD LIBOR ceased to be published from 30 June 2023 and the facility was amended to replace LIBOR with the Secured Overnight Finance Rate (SOFR) with effect from 1 July 2023. There was no material impact on the financial position and performance of the Group resulting from this transition.

18 Borrowings continued

Collateral Against Borrowing

A security agreement was executed between Apex Corporate Trustees (UK) Limited (as security agent for Kommunalkredit Austria AG) ("Apex"), Star Energy Group plc and certain subsidiaries, namely; IGas Energy Limited, Star Energy Limited, IGas Energy Enterprise Limited, Island Gas (Singleton) Limited, Island Gas Limited, Dart Energy (East England) Limited, Dart Energy (West England) Limited, IGas Energy Development Limited, IGas Energy Production Limited, Dart Energy (Europe) Limited and GT Energy UK Limited (as chargors) dated 9 April 2024 ("Star Energy Debenture"). On the same date, Scottish bonds and floating charges were executed between Apex (as security agent) and Dart Energy (Europe) Limited and IGas Energy Production Limited (Star Energy Group companies, as "Scottish Chargors") ("Scottish BFCs"). A further security agreement was executed between GT Energy Croatia Limited (a Star Energy Group company, as chargor) and Apex (as security agent) dated 26 April 2024 ("GT Debenture").

Under the terms of the Star Energy Debenture and GT Debenture, Apex has fixed charges over certain real property (freehold and/or leasehold property), petroleum licences, all pipelines, plant, machinery, vehicles, fixtures, fittings, computers, office and other equipment and chattels and all related property rights, shares of certain subsidiaries as well as the assigned agreements and rights and all related property rights and first floating charges over property, assets, rights and revenues (other than those charged or assigned pursuant to the aforementioned fixed charges). Under the terms of the Scottish BFCs, Apex has a first floating charge over all of the assets of the Scottish Chargors.

19 Provisions

	2024			2023		
	Decommissioning provisions £000	**Contingent consideration £000**	**Total £000**	Decommissioning provisions £000	Contingent consideration £000	Total £000
At 1 January	**(62,411)**	**(2,731)**	**(65,142)**	(62,825)	(2,731)	(65,556)
Acquisitions	**–**	**–**	**–**	–	(857)	(857)
Utilisation of provision	**1,147**	**–**	**1,147**	2,909	857	3,766
Unwinding of discount (note 6)	**(2,537)**	**–**	**(2,537)**	(2,596)	–	(2,596)
Foreign exchange adjustments	**10**	**–**	**10**	–	–	–
Changes in FV of contingent consideration	**–**	**2,251**	**2,251**	–	–	–
Reassessment of decommissioning provision	**2,901**	**–**	**2,901**	101	–	101
At 31 December	**(60,890)**	**(480)**	**(61,370)**	(62,411)	(2,731)	(65,142)

	2024			2023		
	Decommissioning provisions £000	**Contingent consideration £000**	**Total £000**	Decommissioning provisions £000	Contingent consideration £000	Total £000
Current	**(855)**	**(480)**	**(1,335)**	(1,956)	(280)	(2,236)
Non-current	**(60,035)**	**–**	**(60,035)**	(60,455)	(2,451)	(62,906)
At 31 December	**(60,890)**	**(480)**	**(61,370)**	(62,411)	(2,731)	(65,142)

Decommissioning Provision

The Group spent £1.1 million on decommissioning activities during the year (2023: £2.9 million) related primarily to the Group's share of costs related to plugging and abandoning wells at the Doe Green, Irlam, and Springs Road sites.

Provision has been made for the discounted future cost of abandoning wells and restoring sites to a condition acceptable to the relevant authorities. This is expected to take place between 1 to 31 years from year end (2023: 1 to 29 years). The provisions are based on the Group's internal estimate as at 31 December 2024. Assumptions are based on our cumulative experience from decommissioning wells which management believes is a reasonable basis upon which to estimate the future liability. The estimates are based on a planned programme of abandonments but also include a provision to be spent in 2025-2029 on preparing for the abandonment campaign, abandoning wells and restoring sites which for regulatory, integrity or other reasons fall outside the planned campaign. The estimates are reviewed regularly to take account of any material changes to the assumptions. Actual decommissioning costs will ultimately depend upon future costs for decommissioning which will reflect market conditions and regulations at that time. Furthermore, the timing of decommissioning is uncertain and is likely to depend on when the fields cease to produce at economically viable rates. This, in turn, will depend on factors such as future oil prices, which are inherently uncertain.

The Group applies an inflation adjustment to the current cost estimates and discounts the resulting cash flows using a risk free discount rate. The provision estimate reflects a higher inflation percentage of 2.5% in the near term for the period 2025-2026 and thereafter incorporates the long-term UK target inflation rate of 2% for the period 2027 and beyond.

The discount rate used in the provision calculation as at 31 December 2024 ranged from 3.0% to 6.3% (2023: 3.0% to 5.5%). The increase in the risk free discount rate during the year is mainly due to the increase in the yield on UK government bonds for periods comparable to the life of the provision.

19 Provisions continued

Decommissioning Provision continued

At 31 December 2024, the Group reassessed the decommissioning provision which resulted in a reduction of £2.9 million to the value of the liability. The change comprises a £2.5 million decrease due to the change in the discount rate and £0.7 million due to changes in expected costs offset by an increase of £0.3 million due to changes in expected timing of abandonment activities.

Management performed sensitivity analysis to assess the impact of changes to the risk free rate on the Group's decommissioning provision balance. A 0.5% decrease in the risk free rate assumption would result in an increase in the decommissioning provision by £4.5 million.

Management also performed sensitivity analysis to assess the impact of changes to the undiscounted future cost of abandoning wells and restoring sites on the Group's decommissioning provision balance. A 10% increase in the undiscounted future cost would result in an increase in the decommissioning provision by £6.0 million.

Contingent Consideration

The carrying value of contingent consideration relates to the acquisition of GT Energy UK Limited (GT Energy). The consideration is payable in shares and is dependent on the timing of various milestones being achieved. It is also dependent on the inputs to an agreed-form economic model which determines the level of the consideration for each milestone in accordance with the sale and purchase agreement (SPA). These inputs relate to targets for aspects of the Stoke-on-Trent project, including funding, amount of heat delivered, and costs and revenues achieved.

As detailed in note 9, it is now expected that the project will not progress in its intended form. This means that it will not be possible to meet the milestones, with the exception of a "business development" milestone (relating to the development of a second project) which could result in a payment of up to £1 million. Therefore the fair value for each milestone other than the business development milestone has been assessed as £nil. The fair value of the business development milestone was calculated by determining the probability weighted value of the payment. The balance of the contingent consideration at 31 December 2024 has been classified as a current liability based on the contractual milestone payment dates in the SPA for the GT Energy acquisition and the estimated timing of the achievement of the milestone.

In 2023, a contingent consideration of £0.9 million was recognised as part of the acquisition of an interest in A14 Energy Limited which was payable on the award of geothermal licences in bids submitted by IGeoPen d.o.o za trogovinu i usluge. The outcome of the bids was announced in October 2023 with the successful award of two licences, resulting in the contingent consideration becoming payable. This amount was fully settled during 2024.

20 Pension Scheme

A Group subsidiary operates a defined contribution pension scheme. Contributions made by the Group for the year ended 31 December 2024 were £0.69 million (2023: £0.56 million). Contributions amounting to £0.05 million were accrued at 31 December 2024 (2023: £0.07 million) and are included in trade and other payables.

21 Commitments

Capital Commitments

The Group's capital commitments relate to expenditure committed but not spent on conventional licences as follows:

	31 December 2024 £000	31 December 2023 £000
Oil and gas projects	**142**	436
Geothermal projects	**–**	265
Total capital commitments	**142**	701

22 Performance Guarantees

On 1 November 2023, Tokio Marine Europe S.A issued performance guarantees amounting to €5.2 million (£4.3 million) on behalf of the Group for licence commitments relating to the Sječe and Pčelić, exploration licences. The guarantees have a term of five years. In October 2024, the Group completed the cash backing of the guarantees using the proceeds of the financing facility.

23 Financial Instruments and Risk Management

Fair Value Hierarchy

Assets and liabilities, for which fair value is measured or disclosed in the financial statements, are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: valuation techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

There are no non-recurring fair value measurements nor have there been any transfers of financial instruments between levels of the fair value hierarchy.

Financial Assets and Liabilities Measured at Fair Value

	Level	**31 December 2024 £000**	31 December 2023 £000
Financial assets:			
Derivative financial instruments – oil hedges	2	**398**	–
		398	–
Financial liabilities:			
Contingent consideration	3	**(480)**	(2,731)
		(480)	(2,731)

Fair Value of Derivative Financial Instruments

Commodity price hedges

The fair values of the commodity (oil) price hedges were provided by counterparties with whom the trades have been entered into. These consist of Asian style swaps to sell oil. The hedges are valued by comparing the fixed prices of the trades with prevailing market forward prices (or end of day prices) and the difference multiplied by the traded volumes. These results are discounted to provide a fair value.

During the year, the Group entered into certain fixed price swaps in order to manage its exposure to commodity price risk associated with sales of oil. A gain of £0.3 million was realised on hedges during the year to 31 December 2024 (2023: £0.5 million) (see note 4).

The outstanding oil hedge contracts as at 31 December 2024 were as follows:

		2025 Q1	2025 Q2	2025 Q3	2025 Q4	Total	**Fair value at 31 December 2024**
Type	Strike price/ fixed and floating price	Contract amount bbls oil	Contract amount bbls oil	Contract amount bbls oil	Contract amount bbls oil	Contract amount bbls oil	**£000**
US dollar fixed price Swap	79.80	36,000	36,400	–	–	72,400	**343**
US dollar fixed price Swap	75.00	–	–	36,800	–	36,800	**76**
US dollar fixed price Swap	70.00	–	–	–	18,600	18,600	**(21)**
		36,000	36,400	36,800	18,600	127,800	**398**

There were no outstanding oil hedge contracts as at 31 December 2023.

Fair Value of Financial Assets and Financial Liabilities

The carrying values of other financial assets and financial liabilities are considered to be materially equivalent to their fair values.

23 Financial Instruments and Risk Management continued

Financial Risk Management

The Group's principal financial liabilities comprise borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations, including the Group's capital expenditure programme. The Group's financial assets include trade and other receivables, cash and cash equivalents and restricted cash that are derived directly from its operations. The Group also enters into derivative transactions to manage its commodity price exposure.

The Group manages its exposure to key financial risks in accordance with its financial risk management policy. The objective of the policy is to support the Group's financial targets while protecting future financial security. The Group is exposed to the following risks:

- Interest rate risk
- Market risk, including commodity price and foreign currency risks
- Credit risk
- Liquidity risk

Management reviews policies for managing each of these risks, which are summarised below. The Group's policy is that all transactions involving derivatives must be directly related to the underlying business of the Group and does not use derivative financial instruments for speculative purposes.

Interest Rate Risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the finance facility with Kommunalkredit Austria AG (Kommunalkredit) (2023: RBL facility with BMO Capital Markets (BMO)). Refer to note 18 for further details.

The following table summarises the impact on (loss)/profit before tax for changes in interest rates on the fair value of the drawn finance facility balance. The analysis is based on the assumption that the benchmark moves 50 basis points, with all other variables held constant.

	Increase/(decrease) in profit before tax or decrease/(increase) in loss before tax and corresponding impact in equity	
	31 December 2024 £000	31 December 2023 £000
50 basis point increase in benchmark	**(9)**	(39)
50 basis point decrease in benchmark	**9**	39

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market factors, such as commodity prices and foreign currency exchange rates.

The sensitivity analyses below have been prepared on the basis that the amount of net debt and the proportion of financial instruments in foreign currencies are all constant and that financial derivatives are held to maturity. The sensitivity analysis is intended to illustrate the sensitivity to changes in market variables on the Group's financial instruments and show the impact on profit or loss and shareholders' equity, where applicable.

The following assumptions have been made in preparing the sensitivity analyses:

- The sensitivity of the relevant (loss)/profit before tax item is the effect of the assumed changes in market risks. This is based on the financial assets and financial liabilities held at 31 December 2024 and 31 December 2023; and
- The impact on equity is the same as the impact on (loss)/profit before tax and ignores the effects of deferred tax, if any.

23 Financial Instruments and Risk Management continued

Commodity Price Risk

The Group is exposed to the risk of fluctuations in prevailing market commodity prices (primarily crude oil) on the oil and gas it produces. The Group's policy is to manage these risks through the use of derivative financial instruments.

The following table summarises the impact on (loss)/profit before tax for changes in commodity prices on the fair value of derivative financial instruments. The impact on equity is the same as the impact on (loss)/profit before tax as these derivative financial instruments have not been designated as hedges and are classified as held-for-trading.

The analysis is based on derivative contracts existing at the balance sheet date, the assumption that crude oil price moves 10% over future financial years, with all other variables held constant. Management believes that 10% is a reasonable sensitivity based on forward forecasts of estimated oil price volatility.

	Increase/(decrease) in profit before tax or decrease/(increase) in loss before tax and corresponding impact in equity	
	31 December 2024 £000	31 December 2023 £000
10% increase in the price of oil	**(745)**	–
10% decrease in the price of oil	**745**	–

Foreign Currency Risk

The Group has transactional currency exposures. Such exposure arises from sales, purchases or financing in currencies other than the UK pound sterling, the functional currency of the Star Energy Group plc. The majority of the Group's sales are denominated in US dollars, and approximately 9% of costs (2023:11%) are denominated in currencies other than the UK pound sterling, primarily US dollars and Euros. The Group's borrowings are also denominated in Euros (2023: US dollars). The Group's exposure to other currencies is not considered to be material.

The following tables summarise the impact on (loss)/profit before tax for changes in the pound sterling/US dollar and pound sterling/euro exchange rates on the financial assets and liabilities at year end. The impact on equity is the same as the impact on (loss)/profit before tax.

The analysis is based on the assumption that the pound moves 10% against the US dollar or euro independently, with all other variables held constant.

	Increase/(decrease) in profit before tax or decrease/(increase) in loss before tax and corresponding impact in equity	
	31 December 2024 £000	31 December 2023 £000
10% strengthening of the pound against the US dollar	**(555)**	(53)
10% weakening of the pound against the US dollar	**555**	53

	Increase/(decrease) in profit before tax or decrease/(increase) in loss before tax and corresponding impact in equity	
	31 December 2024 £000	31 December 2023 £000
10% strengthening of the pound against the euro	**746**	143
10% weakening of the pound against the euro	**(746)**	(143)

CONSOLIDATED FINANCIAL STATEMENTS – NOTES CONTINUED

for the year ended 31 December 2024

23 Financial Instruments and Risk Management continued

Credit Risk

The Group has a credit policy to assess and manage the credit risk of counterparties before entering contracts, including credit checks through external credit agencies, the establishment of credit limits, a requirement for security, payment terms and specific transaction approvals. The primary credit exposures of the Group are its receivables from crude oil, electricity and gas sales, amounts due from Joint Venture partners and exposure with respect to derivative contracts. These exposures are managed at the corporate level. The Group has two main customers and only trades with established counterparties who have been approved in accordance with the Group's credit policy.

At 31 December 2024, two customers (2023: two) accounted for approximately 94% (2023: 91%) of total trade receivables outstanding of £3.6 million (2023: £4.0 million).

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, restricted cash, other debtors, and derivative contracts, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Group limits its counterparty credit risk on these assets by dealing only with financial institutions with credit ratings of at least A or equivalent other than if the UK government is a majority shareholder. At 31 December 2024, the maximum exposure was £10.7 million (2023: £5.8 million).

Liquidity Risk

The Group manages liquidity risk by maintaining adequate banking and borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities and future capital and operating commitments. The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	On demand £000	< 1 year £000	1–2 years £000	2–3 years £000	>3 years £000	Total £000
At 31 December 2024						
Borrowings	**–**	**(6,488)**	**(1,916)**	**(1,916)**	**(1,917)**	**(12,237)**
Lease liabilities	**–**	**(1,746)**	**(1,694)**	**(1,419)**	**(7,957)**	**(12,816)**
Trade creditors	**–**	**(2,247)**	**–**	**–**	**–**	**(2,247)**
Other creditors and accruals	**–**	**(4,231)**	**–**	**–**	**(440)**	**(4,671)**
	–	**(14,712)**	**(3,610)**	**(3,335)**	**(10,314)**	**(31,971)**
At 31 December 2023						
Borrowings	–	(5,491)	–	–	–	(5,491)
Lease liabilities	–	(1,503)	(1,503)	(1,525)	(9,459)	(13,990)
Trade creditors	–	(3,750)	–	–	–	(3,750)
Other creditors and accruals	–	(6,916)	–	–	–	(6,916)
	–	(17,660)	(1,503)	(1,525)	(9,459)	(30,147)

Management considers that the Group has adequate current assets and forecast cash from operations to manage liquidity risks arising from current and non-current liabilities.

Capital Management

The Group manages its capital to ensure that it remains sufficiently funded to support its business strategy and maximise shareholder value. The Group's funding requirements are met through a combination of debt and equity and adjustments are made in light of changes in economic conditions. The Group's strategy is to maintain ratios in line with covenants associated with its secured borrowing facilities (see note 18).

The Group monitors capital using a gearing ratio, which is net debt divided by equity plus net debt. The Group includes interest-bearing loans less cash and cash equivalents in net debt. Capital includes share capital, share premium, other reserves and accumulated profits/losses.

The Group signed a €25.0 million facility with Kommunalkredit Austria AG (Kommunalkredit), which was used to repay the outstanding balance on the previous RBL facility, in addition to providing funding for the Group's geothermal development activities. Management remains focused on maintaining a strong balance sheet and funding to support our strategy.

24 Share Capital and Share Premium

On 3 April 2017, the shareholders approved the subdivision of each of the 303,305,534 ordinary shares of 10p each of the Company into one new ordinary share of 0.0001p each and one deferred share of 9.9999p each. At the Annual General Meeting of the Company on 14 June 2017, the shareholders approved a consolidation and subdivision of the Company's share capital in order to reduce the number of shares in issue to that more appropriate for the size of the Company. Following the consolidation, every 200 ordinary shares of 0.0001 pence each were consolidated into one new ordinary share of 0.02 pence each and immediately sub-divided into 10 ordinary shares of 0.002 pence. The consolidation and subdivision reduced the number of shares in issue from 2.4 billion to 121 million.

	Ordinary shares		Deferred shares*		Share capital	Share premium
	No.	Nominal value £000	No.	Nominal value £000	Nominal value £000	Value £000
Issued and fully paid						
At 1 January 2023	126,731,529	3	303,305,534	30,331	30,334	103,068
2023 SIP share issue – partnership	287,356	–	–	–	–	42
2023 SIP share issue – matching	551,316	–	–	–	–	79
Shares issued in respect of MRP exercises	594,154	–	–	–	–	–
Shares issued in respect of EDRP exercises	150,000	–	–	–	–	–
Shares issued in respect of EIP exercises	32,678	–	–	–	–	–
At 31 December 2023	**128,347,033**	**3**	**303,305,534**	**30,331**	**30,334**	**103,189**
2024 SIP share issue – partnership	**336,728**	**–**	**–**	**–**	**–**	**28**
2024 SIP share issue – matching	**379,956**	**–**	**–**	**–**	**–**	**31**
Shares issued in respect of MRP exercises	**1,067,833**	**–**	**–**	**–**	**–**	**–**
Shares issued in respect of EIP exercises	**65,258**	**–**	**–**	**–**	**–**	**–**
At 31 December 2024	**130,196,808**	**3**	**303,305,534**	**30,331**	**30,334**	**103,248**

* Deferred shares were created on capital restructuring which completed in April 2017.

Accordingly, the Group share capital account comprised:

	£000
Share capital account	
At 1 January 2023	30,334
Shares issued during the year	–[1]
At 31 December 2023	30,334
Shares issued during the year	**–[1]**
At 31 December 2024	**30,334**

1 Given the low par value, the financial impact of share issues in the year rounds to zero.

Share Premium

The share premium account arises from the Company issuing shares for consideration in excess of their nominal value less the cost of such issues. During the year, the Company issued 1,849,775 ordinary shares (2023: 1,615,504 ordinary shares), resulting in an increase in share premium of £0.1 million (2023: £0.1 million). No costs in relation to the share issues were incurred during the year (2023: £nil).

CONSOLIDATED FINANCIAL STATEMENTS – NOTES CONTINUED

for the year ended 31 December 2024

25 Other Reserves

Other reserves are as follows:

	Share plan reserves £000	Treasury shares reserve £000	Capital contribution reserve £000	Merger reserve £000	Total £000
Balance at 1 January 2023	16,675	(1,327)	47	22,222	37,617
Share options issued under the employee share plan	738	–	–	–	738
Shares issued under the SIP	–	(31)	–	–	(31)
Balance at 31 December 2023	17,413	(1,358)	47	22,222	38,324
Share options issued under the employee share plan	**171**	**–**	**–**	**–**	**171**
Shares issued under the SIP	**–**	**17**	**–**	**–**	**17**
Balance at 31 December 2024	**17,584**	**(1,341)**	**47**	**22,222**	**38,512**

Employee Share Plans – Equity Settled

Details of the share options under employee share plans outstanding are as follows:

	EIP Number of units	MRP Number of units	EDRP Number of units
Outstanding at 1 January 2023	8,156,358	2,313,762	1,400,000
Exercisable at 1 January 2023	221,889	657,961	150,000
Awarded during the year	925,000	413,776	–
Exercised during the year	(32,678)	(594,154)	(150,000)
Lapsed during the year	–	(121,065)	–
Forfeited during the year	(5,617,804)	–	(1,000,000)
Outstanding at 31 December 2023	3,430,876	2,012,319	250,000
Exercisable at 31 December 2023	189,211	1,664,637	250,000
Awarded during the year	**–**	**1,430,633**	**–**
Exercised during the year	**(65,258)**	**(1,067,833)**	**–**
Lapsed during the year	**–**	**(208,402)**	**–**
Forfeited during the year	**(3,249,285)**	**–**	**(250,000)**
Outstanding at 31 December 2024	**116,333**	**2,166,717**	**–**
Exercisable at 31 December 2024	**116,333**	**2,166,717**	**–**

Note – all options are nil cost and therefore the weighted average exercise price is nil. In addition to the share plans above, included in other reserves are also historic costs relating to the Long Term Incentive Plan 2011 (2011 LTIP) and Value Creation Plan (2014 VCP).

Executive Incentive Plan (EIP)

In March 2016, the Group introduced a Long-Term Incentive Plan in order to motivate and retain the Executive Directors of the Company and certain other key employees of the Group. On a yearly basis, since 2016, nil cost options were issued, which vest subject to meeting certain criteria, three years from grant. The options granted under the EIP are subject to a multiplier, which is defined by a share price target as explained in the Directors' Remuneration Report.

The following table details the awards made under the long-term incentive plan to the Executive Directors of the Company and other key employees of the Group and the fair value of the grants, with awards made to Executive Directors further detailed in the Directors' Remuneration report.

25 Other Reserves continued

Executive Incentive Plan (EIP) continued

Award date	Awarded number of options No.	Share price as of date of grant £	Risk free interest rate %	Implied share price volatility %	Fair value of EIP awards £m
March 2016[1,2]	377,435[1]	0.15	0.52	68.8	1.4
October 2017[2]	1,756,923	0.68	0.54	64.0	1.0
March 2018[2]	1,911,057	0.76	0.98	58.3	1.3
March 2019[2]	2,033,093	0.78	0.74	80.9	1.8
April 2020[2]	5,434,470	0.29	0.10	81.0	1.8
April 2021[2]	2,500,000	0.25	0.15	102.7	0.5
September 2023[2]	925,000	0.07	4.90	163.4	0.1

1 On the award date a total of 7,548,701 options were issued. On 14 June 2017 these awards were subdivided in line with the subdivision and consolidation of the Group's share capital (see note 24), which is the number of awards presented in the table above.

2 All grants made under these awards have now reached the end of the relevant vesting period. The exercise period extends until ten years after the award date.

The EIPs outstanding at 31 December 2024 had both a weighted average remaining contractual life and maximum term remaining of 1.2 years (2023: 7.1 years).

The total charge for the year was £0.06 million (2023: £0.15 million). Of this amount, £0.01 million (2023: £nil million) was capitalised or recharged to joint venture partners and £0.05 million (2023: £0.15 million) was charged to the income statement.

Management Retention Plan (MRP)

In December 2015, the Group adopted a new share-based payment scheme, the MRP. Under the MRP, participants are granted nil cost options which vest and become exercisable on the first anniversary of grant subject to the Directors' continued employment and to a one-year holding period following the date of vesting.

Employees were granted 7,143,610 options in the MRP in lieu of waived options granted under the 2011 Long Term Incentive Plan (LTIP) and 2016 cash bonuses. The options designated by the Group as replacement awards were accounted for as a modification of the original scheme and were valued at grant date and the options awarded in lieu of cash bonuses were measured with reference to the fair value of the services received.

The fair value of the cancelled awards was re-measured at the replacement date based on the Monte Carlo valuation model. The key inputs into the model were: replacement date share price of between £0.14 and £0.24, threshold price of between £1.351 and £1.664, a risk free interest rate of between 0.37% and 0.42% and an implied share price volatility of between 73% and 86%. It was also assumed that no dividends would be paid during the life of the options. This resulted in an incremental fair value of £0.17 million.

From March 2018 the Group has awarded Ordinary shares to the former and current CEOs and other key employees of the Group as follows, with awards made to Executive Directors further detailed in the Directors' Remuneration Report:

Award date	Awarded number of Ordinary shares No.
March 2018	76,310
March 2019	157,624
March and July 2020	2,326,743
March 2022	1,655,801
March 2023	413,776
March 2024	1,430,633

The fair value of the awards is assessed using a Black-Scholes methodology. There were also a number of share exercises during each year by employees and Directors of the Company.

The MRPs outstanding at 31 December 2024 had both a weighted average remaining contractual life and maximum term remaining of 6.4 years (2023: 7.7 years). The total charge for the year was £0.11 million (2023: £0.08 million). Of this amount, £0.01 million (2023: £nil) was capitalised or recharged to joint venture partners and £0.10 million (2023: £0.08 million) was charged to the income statement.

25 Other Reserves continued

Executive Director Retention Plan (EDRP)

In July 2015, the Group adopted a new share-based payment scheme, the EDRP. Under the EDRP, participants are granted nil cost options which vest and become exercisable on the first anniversary of grant subject to the Directors' continued employment and to a one-year holding period following the date of vesting.

Executives were granted 6,500,000 options in the EDRP in lieu of waived options granted under the 2011 Long Term Incentive Plan (LTIP) and the Value Creation Plan (VCP). The options have been designated by the Group as replacement awards at grant date and were accounted for as a modification of the original scheme.

The fair value of the cancelled awards was remeasured at the replacement date based on the Monte Carlo valuation model. The fair value of replacement awards was based on the Monte Carlo valuation model. The key inputs into the model were: replacement date share price of £0.23, threshold price of between £0.945 and £1.664, a risk free interest rate of between 0.49% and 0.60% and an implied share price volatility of between 70% and 78%. It was also assumed that no dividends would be paid during the life of the options. This resulted in an incremental fair value of £1.5 million.

In October 2022, the Group awarded 1,250,000 Ordinary shares to the then Interim Executive Chairman of the Group on appointment. The fair value of the award was calculated based on a Monte Carlo valuation model. The key inputs into the models were: share price as of date of grant of £0.898, a risk free interest rate of 3% and an implied share price volatility of 150.4% It was also assumed that no options would be forfeited and no dividends would be paid during the life of the options. This resulted in a fair value of EIP awards of £0.7 million.

No EDRPs were outstanding at 31 December 2024 (2023: EDRPs outstanding of 250,000 with a weighted average remaining contractual life and maximum term remaining of 2.7 years). The total charge for the year was £nil (2023: £0.51 million). Of this amount, £nil (2023: £nil) was capitalised or recharged to joint venture partners and £nil (2023: £0.51 million) was charged to the income statement.

Share Incentive Plan (SIP)

In 2013, the Group adopted an Inland Revenue approved SIP for all employees of the Group. The scheme is a tax efficient incentive plan pursuant to which all employees are eligible to acquire up to £150 (or 10% of salary, if less) worth of Star Energy ordinary shares per month or £1,800 per annum. Under the SIP, employees are invited to make contributions to buy shares ("partnership shares"). If an employee agrees to buy partnership shares the Company currently matches the number of partnership shares bought with an award of shares ("matching shares"), on a one-for-one or two-for-one basis subject to the pre-defined quarterly production targets being met.

The total charge for the year was £0.05 million (2023: £0.05 million). Of this amount, £nil (2023: £nil) was capitalised and £0.05 million (2023: £0.05 million) was charged to the income statement.

Treasury Shares Reserve

The Treasury shares reserve consisted of shares issued to the IGas Energy Employee Benefit Trust (the "Trust"), of which the Company was the sponsoring entity. The value of such shares was recorded in the share capital and share premium accounts in the ordinary way and was also shown as a deduction from equity in this separate reserve account. There is therefore no net effect on shareholders' funds. During the year ended 31 December 2020, all remaining shares in the Trust were disposed of and the Trust was terminated on 15 January 2021. When shares are issued to the operators of the SIP, who initially hold shares on behalf of the benefitting employee, these are recorded in a manner consistent with shares previously issued to the Trust.

Capital Contribution

The capital contribution relates to cash received following the acquisition of IGas Exploration UK Limited.

Merger Reserve

The merger reserve arose as a result of a reverse acquisition on 31 December 2007 whereby Island Gas Limited (IGL) became a wholly owned subsidiary of the Company but with IGL's shareholders acquiring 94% of the ordinary share capital of the Company. The reserve represents the difference in the fair value and the nominal value of the shares issued. The reserve is not distributable.

26 Related Party Transactions

The information below sets out transactions and balances between the Group and related parties in the normal course of business for the year ended 31 December 2024. All related party transactions were entered into on an arm's length basis.

The Non-executive Directors, Chief Executive Officer and Chief Financial Officer of the Company are considered to be the only key management personnel as defined by IAS 24 – Related Party Disclosures.

Key management remuneration	**Year ended 31 December 2024 £000**	Year ended 31 December 2023 £000
Short-term employee benefits	**859**	890
Termination benefits*	**175**	–
Share plan	**127**	550
Social security costs	**160**	113
Fees	**–**	27
	1,321	1,580

* Relates to amounts paid to the previous CEO who left the Company in June 2024.

Short-term employee benefits: These amounts were paid to the key management personnel in respect of salary and benefits earned during the relevant financial year, plus bonuses awarded for the year.

Share plan: This is the cost to the Group of key management personnel's participation in the SIP, MRP, EIP, and EDRP plans, as measured by the fair value of SIP, MRPs, EIPs, and EDRPs granted, accounted for in accordance with IFRS 2.

27 Operating Segments

An operating segment is a component of the Group that engages in a business activity from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segment's operating results are reviewed regularly to make decisions about resources to be allocated to the segment and to assess its performance by the Chief Operating Decision Maker, which for the Group is the Board of Directors. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and head office expenses.

				2024				2023
	Oil and gas segment £000	**Geothermal segment £000**	**Unallocated £000**	**Total £000**	Oil and gas segment £000	Geothermal segment £000	Unallocated £000	Total £000
External revenues	**43,593**	**58**	**–**	**43,651**	49,466	–	–	49,466
Cost of sales	**(28,717)**	**(73)**	**–**	**(28,790)**	(32,376)	–	–	(32,376)
Gross profit/(loss)	**14,876**	**(15)**	**–**	**14,861**	17,090	–	–	17,090
Administrative expenses	**(3,825)**	**(2,050)**	**(1,547)**	**(7,422)**	(4,395)	(1,224)	(1,671)	(7,290)
Research and non-capitalised development costs	**–**	**(1,973)**	**–**	**(1,973)**	–	(2,002)	–	(2,002)
Exploration and evaluation assets impaired	**(1,854)**	**–**	**–**	**(1,854)**	(456)	–	–	(456)
Impairment of development costs	**–**	**(4,259)**	**–**	**(4,259)**	–	–	–	–
Impairment of goodwill	**–**	**–**	**–**	**–**	–	(130)	–	(130)
Gain/(loss) on derivative financial instruments	**737**	**–**	**–**	**737**	(25)	–	–	(25)
Other expense	**(2,000)**	**–**	**–**	**(2,000)**	–	–	–	–
Other income	**3**	**–**	**–**	**3**	8	–	–	8
Segment operating profit/(loss)	**7,937**	**(8,297)**	**(1,547)**	**(1,907)**	12,222	(3,356)	(1,671)	7,195
Finance costs				**(4,805)**				(4,426)
Change in fair value of contingent consideration				**2,251**				–
(Loss)/profit before income tax				**(4,461)**				2,769
Total assets at 31 December	**124,951**	**9,015**	**–**	**133,966**	139,138	6,151	–	145,289
Total liabilities at 31 December	**(83,044)**	**(7,891)**	**(388)**	**(91,323)**	(87,893)	(1,730)	(793)	(90,416)

27 Operating Segments continued

The Group has two geographical areas of operation, being the UK and Croatia. All Group revenues are derived in the UK. There is a total of £7.5 million (2023: £3.4 million) of non-current assets relating to operations in Croatia, with the remainder of the Group's non-current assets relating to the operations in the UK.

28 Subsequent Events

- On 3 January 2025, the Group acquired a further 20% interest in the issued share capital of its subsidiary A14 Energy Limited ("A14 Energy") from the minority shareholder Peninsula International PTE Limited. As a result, the Group's shareholding in A14 Energy increased from 51% to 71%. The acquisition of the additional shareholding was completed by conversion of the loan notes held by the Group as mentioned in note 14.
- In April 2025, the Group completed the sale of its non-core asset, the Holybourne site in Alton, Hampshire, for a consideration of £6.3 million. The site, previously the location of Star's decommissioned Holybourne Oil Terminal, has now been transferred to the new owners following the satisfaction of all sale conditions.

PARENT COMPANY BALANCE SHEET

as at 31 December 2024

	Note	31 December 2024 £000	31 December 2023 £000
ASSETS			
Non-current assets			
Investments in subsidiaries	2	**30,611**	33,211
		30,611	33,211
Current assets			
Trade and other receivables	3	**26,449**	17,638
Cash and cash equivalents	4	**1,144**	557
		27,593	18,195
Total assets		**58,204**	51,406
LIABILITIES			
Current liabilities			
Trade and other payables	5	**(2,374)**	(894)
Borrowings	7	**(5,585)**	(5,358)
Provisions	8	**(480)**	(280)
		(8,439)	(6,532)
Non-current liabilities			
Borrowings	7	**(181)**	–
Provisions	8	**–**	(2,451)
		(181)	(2,451)
Total liabilities		**(8,620)**	(8,983)
Net assets		**49,584**	42,423
EQUITY			
Capital and reserves			
Called up share capital	10	**30,334**	30,334
Share premium account	10	**103,248**	103,189
Other reserves	11	**38,512**	38,324
Accumulated deficit		**(122,510)**	(129,424)
Total equity		**49,584**	42,423

As a consolidated income statement is published in this Annual Report, a separate income statement for the Company is not presented within these financial statements as permitted by Section 408 of the Companies Act 2006. The Company reported a profit for the year of £6.9 million (2023: £20.9 million).

These financial statements on pages 89 to 105 were approved and authorised for issue by the Board on 29 April 2025 and are signed on its behalf by:

Ross Glover
Chief Executive Officer

Frances Ward
Chief Financial Officer

The notes on pages 92 to 105 form an integral part of these financial statements.

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2024

	Called up share capital (note 10) £000	Share premium account (note 10) £000	Other Reserves* (note 11) £000	Accumulated deficit £000	Total equity £000
Balance at 1 January 2023	30,334	103,068	37,617	(150,315)	20,704
Profit for the year	–	–	–	20,891	20,891
Employee share plans (note 11)	–	–	707	–	707
Issue of shares (note 10)	–	121	–	–	121
Balance at 31 December 2023	30,334	103,189	38,324	(129,424)	42,423
Profit for the year	**–**	**–**	**–**	**6,914**	**6,914**
Employee share plans (note 11)	**–**	**–**	**188**	**–**	**188**
Issue of shares (note 10)	**–**	**59**	**–**	**–**	**59**
Balance at 31 December 2024	**30,334**	**103,248**	**38,512**	**(122,510)**	**49,584**

* Other reserves include: 1) Share plan reserves comprising a EIP/MRP/ EDRP reserve representing the cost of share options issued under the long term incentive plans and share incentive plan reserve representing the cost of the partnership and matching shares; 2) a treasury shares reserve which represents the cost of shares in Star Energy Group plc purchased in the market to satisfy awards held under the Group incentive plans (see Group note 25); 3) a capital contribution reserve which arose following the acquisition of IGas Exploration UK Limited (see note 11); and 4) a merger reserve which arose on the reverse acquisition of Island Gas Limited (see note 11).

The notes on pages 92 to 105 form an integral part of these financial statements.

PARENT COMPANY CASH FLOW STATEMENT

for the year ended 31 December 2024

	Note	Year ended 31 December 2024 £000	Year ended 31 December 2023 £000
Cash flows from operating activities:			
Profit before tax		**6,914**	20,891
Share-based payment charge		**65**	305
Impairment of investments in subsidiaries	2	**3,965**	118,049
Reversal of previous impairment of investments in subsidiaries	2	**(1,209)**	(9,520)
Decrease in credit loss allowance	9	**(10,587)**	(117,221)
Reversal of amounts previously written off*		**–**	(11,972)
Change in fair value of contingent consideration	8	**(2,251)**	–
Finance costs		**508**	(3,160)
Operating cash flows before working capital movements		**(2,595)**	(2,628)
Decrease/(increase) in trade and other receivables*		**2,204**	(3,187)
Increase in trade and other payables*		**1,316**	9,209
Net cash generated from operating activities		**925**	3,394
Cash flows from financing activities:			
Cash proceeds from issue of ordinary share capital	10	**28**	42
Repayment of Reserves Based Lending facility		**(5,541)**	(3,284)
Drawdown on finance facility	7	**6,110**	–
Transaction costs related to loan refinancing		**(610)**	–
Interest paid		**(348)**	(800)
Net cash used in financing activities		**(361)**	(4,042)
Net increase/(decrease) in cash and cash equivalents in the year		**564**	(648)
Net foreign exchange difference		**23**	(3)
Cash and cash equivalents at the beginning of the year		**557**	1,208
Cash and cash equivalents at the end of the year	4	**1,144**	557

* During the previous year, the Company and certain of its subsidiaries entered into an intercompany balance netting arrangement (the "netting arrangement"), whereby outstanding intercompany receivable balances were offset against outstanding intercompany payable balances. For Star Energy Group plc, this resulted in the part settlement of its "loans to Group companies" and "amounts due from subsidiary undertakings" balances at the date of the netting arrangement against its "amounts due to subsidiary undertakings". As no cash was transferred as part of this netting arrangement, the impact to the respective line items within the statement of cash flows for the previous year has been presented on a net basis. The expected ordering of repayment of remaining intercompany balances between Group entities was reassessed following this netting arrangement, which resulted in the reinstatement of certain balances which had been previously written off as well as net reversal in the expected credit loss allowance amount.

The notes on pages 92 to 105 form an integral part of these financial statements.

PARENT COMPANY FINANCIAL STATEMENTS – NOTES

for the year ended 31 December 2024

1 Material Accounting Policies

This note provides a list of the potentially material accounting policies adopted in the preparation of these Parent Company financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Preparation of Financial Statements

The Parent Company financial statements of Star Energy Group plc (the "Parent Company" or "the Company") have been prepared in accordance with UK-adopted international accounting standards (IFRS). The financial statements were approved by the Board and authorised for issue on 29 April 2025. Star Energy Group plc is a public limited company (limited by shares) incorporated in the United Kingdom and registered in England and Wales and listed on the Alternative Investment Market (AIM).

The Company financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at fair value at each reporting date. The Company financial statements are presented in UK pounds sterling and all values are rounded to the nearest thousand (£000) except when otherwise indicated.

New and amended IFRS Standards that are effective for the current year

During the year, the Company adopted the following new and amended IFRSs for the first time for their reporting period commencing 1 January 2024:

Amendments to IAS 1	Classification of liabilities as current or non-current and non-current liabilities with covenants
Amendments to IFRS 16	Lease liability in a sale and leaseback
Amendments to IAS 7 and IFRS 7	Supplier finance arrangements

The adoption of the standards listed above did not have a material impact on the financial statements of the Company.

New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

Amendments to IAS 21	Lack of exchangeability
Amendments to IFRS 7 and IFRS 9	Amendments to the classification and measurements of financial instruments
IFRS 18	Presentation and disclosures in financial statements
IFRS 19	Subsidiaries without public accountability: disclosures

The Directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Company in future periods.

(b) Going Concern

The Company is reliant on the performance of Star Energy Group plc and its subsidiaries (the "Group") for liquidity. The Directors therefore considered the going concern assessment prepared in respect of the Group's consolidated financial statements for the year ended 31 December 2024 which included disclosure of the following information in respect of the Group's ability to continue as a going concern:

"The Group continues to closely monitor and manage its liquidity. Cash flow forecasts for the Group are prepared on a monthly basis based on, inter alia, the Group's production and expenditure forecasts, management's best estimate of future oil prices and foreign exchange rates and the Group's available loan facility. Sensitivities are run to reflect different scenarios including, but not limited to, possible reductions in commodity prices, fluctuations in exchange rates and reductions in forecast oil production rates.

The current geopolitical climate and the impact of an increase in trade tariffs on the global economy has reduced crude oil prices in the first quarter of 2025, with volatility in oil prices and foreign exchange rates likely to continue whilst countries seek to negotiate trade agreements with the US.

The focus of the Group in 2024 has been to strengthen our balance sheet and improve our resilience to oil price volatility. We have generated strong operating cash flows in 2024 as a result of stable production and a continued effort to minimise operating costs. We have also carried out a reorganisation resulting in a material reduction in general and administrative costs going into 2025. The €25 million finance facility agreed with Kommunalkredit, and the sale of non-core land with the proceeds of £6.3 million being received in April 2025, further improve our liquidity position.

However, the ability of the Group to operate as a going concern is dependent upon the continued availability of future cash flows and the availability of the monies drawn under its loan facility, which is dependent on the Group not breaching the facility's covenants. To mitigate these risks, the Group benefits from its hedging policy with 146,200 barrels hedged for 2025 using swaps at an average price of $75/bbl.

The Group's base case cash flow forecast was run with average oil prices of $65/bbl for the remainder of 2025 and $70/bbl for 2026, foreign exchange rates of an average $1.31/£1 for the remainder of 2025 and $1.28/£1 for 2026. In this base case scenario, our forecasts show that the Group will have sufficient liquidity as well as sufficient financial headroom to meet the applicable financial covenants for the 12 months from the date of approval of the financial statements.

Management has also prepared a "severe but plausible" downside case, which reflects the possible impact of global economic uncertainties resulting in the oil price dropping to $55/bbl in Q2 2025 before recovering to $58/bbl in Q3 and Q4 2025, and to an average of $62/bbl in2026. In this downside case management has assumed foreign exchange rates of an average $1.33/£1 for the remainder of 2025 and $1.33/£1 for 2026. Our downside case also includes a reduction in production of 5% throughout the going concern period. In the event of a downside scenario, management has the ability to drawdown further under the loan facility as well as to take mitigating actions including delaying capital expenditure and reducing costs, in order to maintain liquidity and to remain within the Group's financial covenants over the remaining facility period, should such actions be necessary. All such mitigating actions are within management's control. In this downside scenario including mitigating actions, our forecast shows that the Group will have sufficient financial liquidity as well as sufficient headroom to meet its financial covenants for the 12 months from the date of approval of the financial statements. Management remain focused on maintaining a strong balance sheet and funding to support our strategy.

1 Material Accounting Policies continued

(b) Going Concern continued

Based on the analysis above, the Directors have a reasonable expectation that the Group has adequate resources to continue as a going concern for at least the next twelve months from the date of the approval of the Group financial statements and have concluded it is appropriate to adopt the going concern basis of accounting in the preparation of the financial statements. "

Based on these indications, the Directors have a reasonable expectation that the Company will have access to sufficient resources to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

(c) Significant Accounting Judgements and Estimates

The preparation of the Company's financial statements in conformity with IFRSs requires management to make judgements and estimates that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements, and the amounts of revenues and expenses during the financial year. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

In particular, the Company has identified the following areas where significant judgements and estimates are required, and where if actual results were to differ, this could materially affect the financial position or financial results reported in a future financial year. Further information on each of these and how they impact the various accounting policies are described in the relevant notes to the financial statements.

Estimates:

Recoverable value of investments in subsidiaries

The Company evaluates investments in subsidiaries for indicators of impairment as described in (d) below. Any impairment test, where required, involves estimates and associated assumptions related to matters, such as recoverable reserves; production profiles; forward oil prices; development, operational and offtake costs; nature of land access agreements and planning permissions; application of taxes, and other matters. Where the final outcome or revised estimates related to such matters differ from the estimates used in any earlier impairment reviews, the results of such differences, to the extent that they actually affected any impairment provisions, are accounted for when such revisions are made. Details of the Company's investments are disclosed in note 2.

Expected credit losses

The Company applies IFRS 9 expected credit loss approach, assessing lifetime expected credit loss allowance for trade and other receivables where the simplified approach can be adopted, and assessing a 12-month expected credit loss allowance for intercompany loans where the credit risk has not increased significantly since initial recognition. The Company recognises a lifetime expected credit loss on intercompany loans where there has been a significant increase in credit risk since initial recognition. The term and nature of these balances and the net asset position of the borrowing entity is considered when performing the expected credit loss calculation.

Judgement:

Functional currency

The determination of a Company's functional currency often requires significant judgement where the primary economic environment in which it operates may not be clear. The Company's financial statements are presented in UK pound sterling, the primary economic environment of the Company.

(d) Non-current Assets

Investments in subsidiaries

Investments in Group companies, presented as non-current assets, are held at cost less provision for impairment. Where investments were acquired in exchange for the issue or part issue of shares in the Company, cost is determined based on the fair value of the shares issued together with the fair value of any consideration paid, including costs of acquisition.

The Company's investments in Group companies are assessed for impairment on the basis set out below, whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. Any impairment is charged to the income statement.

Loans to Group companies are stated at amortised cost.

1 Material Accounting Policies continued

(d) Non-current Assets continued

Impairment

Impairment tests, when required, are carried out on the following basis:

- By comparing any amounts carried as investments in Group companies with their recoverable amount.
- The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. The Company generally assesses fair value less costs of disposal using the estimated future cash flows which are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where there has been a charge for impairment in an earlier financial year that charge will be reversed in a later financial year where there has been a change in circumstances to the extent that the recoverable amount is higher than the net book value at the time. In reversing impairment losses, the carrying amount of the investment will be increased to the lower of its original carrying value and the carrying value that would have been determined had no impairment loss been recognised in prior financial years.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual values, over their estimated useful lives, with any impairment being accounted for as additional depreciation as follows:

Fixtures, fittings and equipment	– between three and five years on a straight-line basis
Motor vehicles	– over four years on a straight-line basis

(e) Financial Instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash held on current account or on short-term deposits at variable interest rates with original maturity periods of up to three months. Any interest earned is accrued on a monthly basis.

Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are initially recognised at the amount of consideration that is unconditional, unless they contain significant financing components, in which case they are recognised at fair value. Details about the Company's impairment policy and the calculation of loss allowance is provided in the Impairment of financial assets accounting policy below.

Trade and other payables

These financial liabilities are all non-interest bearing and are initially recognised at the fair value of the consideration payable and subsequently measured at amortised cost.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) on financial assets measured at amortised cost. These are measured at an amount equal to lifetime ECL where these relate to trade and other receivables and a simplified approach can be adopted. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

For all other financial instruments, the Company recognises a lifetime ECL where there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to a 12-month 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. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

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 the assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

1 Material Accounting Policies continued

(e) Financial Instruments continued

Borrowings

Borrowings are measured initially at fair value. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (the "EIR") method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the EIR amortisation process. When management's estimates of the amounts or timings of cash flows are revised, borrowings are re-measured using the revised cash flow estimates under the original effective interest rate with any consequent adjustment being recognised in the Income Statement.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the income statement.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of these assets, until such time the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the income statement in the financial year in which they are incurred.

Derecognition

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the income statement.

(f) Taxation

The tax expense represents the sum of current and deferred tax.

Current income tax assets and liabilities are measured at the amount expected to be recovered or paid to the tax authorities. Taxable profit/(loss) differs from the profit/(loss) before taxation as reported in the income statement as it excludes items of income or expense that are taxable or deductible in different financial years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date except when the deferred tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting nor taxable profit or loss. Temporary differences arise from differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax balances are not discounted. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered and the carrying amount is reviewed at each reporting date. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the financial year when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside the income statement is recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets and liabilities are offset only if certain criteria are met.

(g) Share-based Payments

Where share options are awarded to employees (including Directors), the fair value of the options at the date of the grant is expensed over the vesting period and recorded in equity (share plan reserves). Non-market vesting conditions, but only those related to service and performance, are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. All other vesting conditions, including market-vesting conditions, are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, the amount recorded is computed irrespective of whether the market vesting conditions are satisfied. The cumulative amount recognised is not adjusted for the failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured by the change from immediately before to after the modification, is expensed over the remaining vesting period, with a corresponding adjustment to reserves.

When an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

Where an equity settled award is identified as a replacement it will be treated as a modification to the original plan where the incremental fair value of the replacement award is expensed over the vesting period of the replacement award. The fair value of the original award on its grant date continues to be recognised as an expense over its original vesting period. Where equity instruments are granted to persons other than employees, the amount recognised in equity is the fair value of goods and services received.

Charges corresponding to the amounts recognised in equity are accounted for as a cost in the income statement unless the services rendered qualify for capitalisation as a non-current asset. Costs may be capitalised within non-current assets in the event of services being rendered in connection with an acquisition of intangible assets or property, plant and equipment.

Where shares are issued to an Employee Benefit Trust, and the Company is the sponsoring entity, the value of such shares at issue will be recorded in share capital and share premium account in the ordinary way, but will not affect shareholders' funds since this same value will be shown as a deduction from shareholders' funds by way of a separate component of equity (treasury shares reserve).

Amounts recognised in the share plan reserves and treasury share reserve are not subsequently reclassified within equity.

PARENT COMPANY FINANCIAL STATEMENTS – NOTES CONTINUED

for the year ended 31 December 2024

1 Material Accounting Policies continued

(h) Equity

Equity instruments issued by the Company are usually recorded at the proceeds received, net of direct issue costs, and allocated between called up share capital and share premium accounts as appropriate.

(i) Foreign Currency

Transactions denominated in currencies other than the functional currency UK pound sterling are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of exchange ruling at the date of transactions. All differences that arise are recorded in the income statement.

2 Investments in Subsidiaries

Investments in subsidiaries comprises:

			2024			2023
Parent Company	Investments in Group companies £000	Loans to Group companies £000	Total £000	Investments in Group companies £000	Loans to Group companies £000	Total £000
At 1 January	33,211	–	33,211	33,105	264,052	297,157
Net additions/settlement under netting arrangement*	156	–	156	485	(155,902)	(155,417)
Impairments	(3,965)	–	(3,965)	(9,899)	(108,150)	(118,049)
Reversal of previous impairments	1,209	–	1,209	9,520	–	9,520
At 31 December	30,611	–	30,611	33,211	–	33,211
Credit loss allowance	–	–	–	–	–	–
At 31 December	30,611	–	30,611	33,211	–	33,211

* During 2023, the Company and certain of its subsidiaries entered into an intercompany balance netting arrangement (the "netting arrangement"), whereby outstanding intercompany receivable balances were offset against outstanding intercompany payable balances. For Star Energy Group plc, this resulted in the part settlement of its "loans to Group companies" and "amounts due from subsidiary undertakings" balances at the date of the netting arrangement against its "amounts due to subsidiary undertakings". Also see note 3.

Additions during the year represent investment of £0.02 million (2023: £0.05 million) relating to employee share-based payment costs under IFRS 2. In 2023, additions also included interest accrued on loans to Group companies of £4.3 million and reinstatement of previously written off amounts of £2.8 million which were offset with an amount of £162.6 million representing the settlement of loans to Group companies balance arising as a result of the netting arrangement, and foreign exchange movements of £0.4 million.

The Company's investments in subsidiaries were reviewed for indicators of impairment as at 31 December 2024. Impairments of £4.0 million (2023: £9.9 million) are recorded against the investments which are not supported by the fair value of the underlying net assets of the respective subsidiaries. Reversal of previous impairments of £1.2 million (2023: £9.5 million) are recorded against the investments which are now supported by the fair value of the underlying net assets of the respective subsidiaries. The fair value is determined using the same assumptions as mentioned in note 10 of the Group financial statements.

Loans to Group companies at 31 December 2024 comprise a loan balance held with Island Gas Limited. This loan carries interest at a fixed rate of 6% and is repayable on 31 December 2028. This loan is considered as being credit impaired due to the underlying net assets of the borrower entity not being sufficient to repay the loan. As a result no interest income has been recognised by the Company in respect of this loan.

2 Investments in Subsidiaries continued

At 31 December 2024, the Company had investments in the following 100% (31 December 2023: 100%) owned subsidiaries:

Name of company	Principal activity and Country of incorporation	Registered office address
Subsidiaries directly held by the Company:		
Island Gas Limited	Oil and gas exploration, development and production, England	Welton Gathering Centre, Barfield Lane off Wragby Road, Sudbrooke, Lincoln LN2 2QX
Island Gas Operations Limited	Dormant, England	Welton Gathering Centre, Barfield Lane off Wragby Road, Sudbrooke, Lincoln LN2 2QX
IGas Energy Enterprise Limited	Oil and gas exploration, development and production, England	Welton Gathering Centre, Barfield Lane off Wragby Road, Sudbrooke, Lincoln LN2 2QX
IGas Energy Limited	Service company, England	Welton Gathering Centre, Barfield Lane off Wragby Road, Sudbrooke, Lincoln LN2 2QX
Star Energy Limited	Service company, England	Welton Gathering Centre, Barfield Lane off Wragby Road, Sudbrooke, Lincoln LN2 2QX
Star Energy Weald Basin Limited	Oil and gas processing, England	Welton Gathering Centre, Barfield Lane off Wragby Road, Sudbrooke, Lincoln LN2 2QX
GT Energy UK Limited	Development of deep geothermal heat projects, England	Welton Gathering Centre, Barfield Lane off Wragby Road, Sudbrooke, Lincoln LN2 2QX
Subsidiaries indirectly held by the Company:		
Island Gas (Singleton) Limited	No operations but not dormant, England	Welton Gathering Centre, Barfield Lane off Wragby Road, Sudbrooke, Lincoln LN2 2QX
Dart Energy (Europe) Limited	Investment holding, Scotland	c/o Womble Bond Dickinson (UK) LLP, 2 Semple Street, Edinburgh, EH3 8BL
Dart Energy (East England) Limited	Oil and gas exploration, development and production, England	Welton Gathering Centre, Barfield Lane off Wragby Road, Sudbrooke, Lincoln LN2 2QX
Dart Energy (West England) Limited	Oil and gas exploration, development and production, England	Welton Gathering Centre, Barfield Lane off Wragby Road, Sudbrooke, Lincoln LN2 2QX
IGas Energy Development Limited	No operations but not dormant, England	Welton Gathering Centre, Barfield Lane off Wragby Road, Sudbrooke, Lincoln LN2 2QX
IGas Energy Production Limited	Oil and gas exploration, development and production, Scotland	c/o Womble Bond Dickinson (UK) LLP, 2 Semple Street, Edinburgh, EH3 8BL
GT Energy Croatia Limited	Investment holding, England	Welton Gathering Centre, Barfield Lane off Wragby Road, Sudbrooke, Lincoln LN2 2QX
Greenpark Energy Transportation Limited	Dormant, England	Welton Gathering Centre, Barfield Lane off Wragby Road, Sudbrooke, Lincoln LN2 2QX
In addition, at 31 December 2024 the Company had investments in the following indirectly held 51% (31 December 2023: 51%) owned subsidiaries:		
A14 Energy Limited	Investment holding, England	Welton Gathering Centre, Barfield Lane off Wragby Road, Sudbrooke, Lincoln LN2 2QX
IGeoPen d.o.o za trogovinu i usluge	Development of deep geothermal heat projects, Croatia	Drenovačka Ulica 3, 10000, Zagreb, Croatia

PARENT COMPANY FINANCIAL STATEMENTS – NOTES CONTINUED

for the year ended 31 December 2024

3 Trade and Other Receivables

	31 December 2024 £000	31 December 2023 £000
Amounts falling due within one year:		
Amounts due from subsidiary undertakings	**26,315**	28,034
Less: Credit loss allowance*	**(21)**	(10,608)
Prepayments and other debtors	**155**	212
	26,449	17,638

* See note 9 for credit risk.

Amounts due from subsidiary undertakings are unsecured, interest free and payment terms are as mutually agreed between Group companies.

Amounts due from subsidiary undertakings are stated after the expected credit loss allowance of 0.02 million (2023: £10.6 million). The allowance is determined by comparing the carrying amount of the receivable with the fair value of the net assets of the counterparty. The fair value is determined using the same assumptions as mentioned in note 10 of the Group financial statements. The expected credit loss allowance reduced during the year as a result of recovery of amounts previously provided for in the prior year.

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

4 Cash and Cash Equivalents

	31 December 2024 £000	31 December 2023 £000
Cash at bank and in hand	**1,144**	557

5 Trade and Other Payables

	31 December 2024 £000	31 December 2023 £000
Trade creditors	**(10)**	(34)
Taxation and social security	**(29)**	(32)
Amounts due to subsidiary undertakings	**(1,887)**	–
Accruals and other creditors	**(448)**	(828)
	(2,374)	(894)

Trade creditors are unsecured and usually paid within 30 days of recognition. Amounts due to subsidiary undertakings are unsecured, interest free and are repayable on demand. During 2023, amounts due to subsidiary undertakings were fully settled as part of the intercompany balance netting arrangement as more fully explained in note 2 to the financial statements.

The carrying value of each of the Company's financial liabilities included within trade and other payables are considered to be a reasonable approximation of their fair value.

6 Taxation

Tax losses, none of which are considered sufficiently certain of utilisation to recognise deferred tax assets, amount to:

	Year ended 31 December 2024 £000	Year ended 31 December 2023 £000
Excess management expenses	**21,731**	21,731
Non-trade loan relationship debits	**58,184**	62,152
	79,915	83,883

7 Borrowings

	31 December 2024 £000	31 December 2023 £000
Reserve-Based Lending Facility (RBL) – secured (current)	–	(5,358)
Finance facility – secured (current)	(5,585)	–
Finance facility – secured (non-current)	(181)	–
	(5,766)	(5,358)

The carrying amounts of each of the Company's financial liabilities included within borrowings are considered to be a reasonable approximation of their fair value.

During the year, on 9 April 2024, the Company secured a €25.0 million finance facility with Kommunalkredit Austria AG (Kommunalkredit). The facility comprises of a facility A which was used to fund the repayment of the outstanding balance on the reserves based loan (RBL) facility, carries a fixed interest rate of 9.4% and is repayable on 30 June 2025 and a facility B which primarily provides funding for the geothermal development activities of certain of the Company's subsidiaries, carries an interest rate of Euribor + 6% and has a five-year term with repayments commencing on 31 December 2025.

The Company is subject to the following financial covenants under the facility agreement (calculated at a Group level), to be calculated and tested for compliance at 30 June and 31 December for each year of the agreement, in addition to when drawdowns are made, or as otherwise required by the facility agreement:

- Loan Life Cover Ratio ("LLCR") of greater than or equal to 1.25:1.
- Net Debt to Earnings before Interest, Tax, Depreciation, Amortisation, and Exceptional items ("EBITDAX") ratio of less than or equal to 2.00:1.
- Current ratio of the Group as defined in the facility agreement of greater than or equal to 1.00:1.
- Debt Service Cover Ratio ("DSCR") of greater than or equal to 1.10:1, for both projected and historic.
- Proved and developed reserves value to Net Debt ratio of greater than or equal to 2.50:1.

We complied with all the covenants applicable at the balance sheet date.

The balance at the end of 2023 related to the outstanding amount under the $40.0 million RBL facility with BMO Capital Markets (BMO). The facility was due to mature in June 2024 and the outstanding balance was repaid in April 2024 from the proceeds of the Kommunalkredit facility. The facility carried an interest rate of USD LIBOR plus 4.0% and was secured on the assets of the Company and certain of its subsidiaries. USD LIBOR ceased to be published from 30 June 2023 and the facility was amended to replace LIBOR with the Secured Overnight Finance Rate (SOFR) with effect from 1 July 2023. There was no material impact on the financial position and performance of the Company resulting from this transition.

Collateral Against Borrowing

A security agreement was executed between Apex Corporate Trustees (UK) Limited (as security agent for Kommunalkredit Austria AG) ("Apex"), Star Energy Group plc and certain subsidiaries, namely; IGas Energy Limited, Star Energy Limited, IGas Energy Enterprise Limited, Island Gas (Singleton) Limited, Island Gas Limited, Dart Energy (East England) Limited, Dart Energy (West England) Limited, IGas Energy Development Limited, IGas Energy Production Limited, Dart Energy (Europe) Limited and GT Energy UK Limited (as chargors) dated 9 April 2024 ("Star Energy Debenture"). On the same date, Scottish bonds and floating charges were executed between Apex (as security agent) and Dart Energy (Europe) Limited and IGas Energy Production Limited (Star Energy Group companies, as "Scottish Chargors") ("Scottish BFCs"). A further security agreement was executed between GT Energy Croatia Limited (a Star Energy Group company, as chargor) and Apex (as security agent) dated 26 April 2024 ("GT Debenture").

Under the terms of the Star Energy Debenture and GT Debenture, Apex has fixed charges over certain real property (freehold and/or leasehold property), petroleum licences, all pipelines, plant, machinery, vehicles, fixtures, fittings, computers, office and other equipment and chattels and all related property rights, shares of certain subsidiaries as well as the assigned agreements and rights and all related property rights and first floating charges over property, assets, rights and revenues (other than those charged or assigned pursuant to the aforementioned fixed charges). Under the terms of the Scottish BFCs, Apex has a first floating charge over all of the assets of the Scottish Chargors.

PARENT COMPANY FINANCIAL STATEMENTS – NOTES CONTINUED

for the year ended 31 December 2024

8 Provisions

	2024 £000	2023 £000
At 1 January	**(2,731)**	(2,731)
Change in fair value of contingent consideration	**2,251**	–
At 31 December	**(480)**	(2,731)
Current at 31 December	**(480)**	(280)
Non-current at 31 December	**–**	(2,451)

The carrying value of contingent consideration relates to the acquisition of GT Energy UK Limited (GT Energy). The consideration is payable in shares and is dependent on the timing of various milestones being achieved. It is also dependent on the inputs to an agreed-form economic model which determines the level of the consideration for each milestone in accordance with the sale and purchase agreement (SPA). These inputs relate to targets for aspects of the Stoke-on-Trent project, including funding, amount of heat delivered, and costs and revenues achieved.

As detailed in note 9 to the Group financial statements, it is now expected that the project will not progress in its intended form. This means that it will not be possible to meet the milestones, with the exception of a "business development" milestone (relating to the development of a second project) which could result in a payment of up to £1 million. Therefore the fair value for each milestone other than the business development milestone was assessed as £nil. The fair value of the business development milestone was calculated by determining the probability weighted value of the payment. The balance of the contingent consideration at 31 December 2024 has been classified as a current liability based on the contractual milestone payment dates in the SPA for the GT Energy acquisition and the estimated timing of the achievement of the milestone.

9 Financial Instruments and Risk Management

Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements, are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: valuation techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

There are no non-recurring fair value measurements nor have there been any transfers between levels of the fair value hierarchy.

Financial Risk Management

The Company's principal financial liabilities comprise borrowings, and trade and other payables, including amounts due to subsidiary undertakings. The main purpose of these financial liabilities is to finance the operation of the Company's subsidiaries and to fund acquisitions. The Company has trade and other receivables, and cash and cash equivalents that are derived directly from its operations.

The Company manages its exposure to key financial risks in accordance with its financial risk management policy. The objective of the policy is to support the Company's financial targets while protecting future financial security. The Company is exposed to the following risks:

- Market risk including interest rate, and foreign currency risks;
- Credit risk; and
- Liquidity risk.

Management reviews policies for managing each of these risks which are summarised below. It is the Company's policy that all transactions involving derivatives must be directly related to the underlying business of the Company. The Company does not use derivative financial instruments for speculative purposes.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market factors, such as interest rate and foreign currency exchange rates.

The sensitivity analyses below have been prepared on the basis that the amount of net debt, and the proportion of financial instruments in foreign currencies are all constant. The sensitivity analysis is intended to illustrate the sensitivity to changes in market variables on the Company's financial instruments and show the impact on profit or loss and shareholders' equity, where applicable.

9 Financial Instruments and Risk Management continued

Interest Rate Risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the finance facility with Kommunalkredit Austria AG (Kommunalkredit) (2023: RBL facility with BMO Capital Markets (BMO)). Refer to note 7 for further details.

The following table summarises the impact on profit before tax for changes in interest rates on the fair value of the drawn finance facility balance. The analysis is based on the assumption that the benchmark moves 50 basis points, with all other variables held constant.

	Increase/(decrease) in profit before tax and corresponding impact in equity	
	31 December 2024 £000	31 December 2023 £000
50 basis point increase in benchmark	**(1)**	220
50 basis point decrease in benchmark	**1**	(220)

Foreign Currency Risk

The Company has transactional currency exposures. Such exposure arises from purchases in currencies other than the UK pound sterling, the functional currency of the Company. The Company's borrowings are also denominated in Euros (2023: US dollars).

The following table summarises the impact on profit before tax for changes in the pound sterling/euro and pound sterling/US dollar exchange rates on the financial assets and liabilities as at the year end, principally relating to the Company's borrowings which are denominated in Euros (2023: US dollars). The impact on equity is the same as the impact on profit before tax.

The analysis is based on the assumption that the pound moves 10%, with all other variables held constant.

	Increase/(decrease) in profit before tax and corresponding impact in equity	
	31 December 2024 £000	31 December 2023 £000
10% strengthening of the pound against the euro	**589**	1
10% weakening of the pound against the euro	**(589)**	(1)

	Increase/(decrease) in profit before tax and corresponding impact in equity	
	31 December 2024 £000	31 December 2023 £000
10% strengthening of the pound against the US dollar	**(12)**	542
10% weakening of the pound against the US dollar	**12**	(542)

PARENT COMPANY FINANCIAL STATEMENTS – NOTES CONTINUED

for the year ended 31 December 2024

9 Financial Instruments and Risk Management continued

Credit Risk

With respect to credit risk arising from the financial assets of the Company, which comprise cash and cash equivalents and amounts due from subsidiary undertakings, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The expected credit loss allowance against amounts due from subsidiary undertakings amounts to £0.02 million (2023: £10.6 million). The Company limits its counterparty credit risk on cash and cash equivalents by dealing only with financial institutions with credit ratings of at least A or equivalent other than if the UK government is a majority shareholder. Cash and cash equivalents of £1.1 million (2023: £0.6 million) were held with two institutions.

As mentioned in note 2, the loan to subsidiaries, representing a loan balance with Island Gas Limited with an unpaid amount of £108.2 million (2023: £108.2 million) was deemed to be credit impaired in 2023. In addition, during 2023 an expected credit loss allowance of £102.0 million was reversed following the settlement of the related loans as part of the netting arrangement (see note 2).

The loss allowance for the loans to subsidiaries and amounts due from subsidiary undertakings as at 31 December reconciles to the opening loss allowance as follow:

	2024 £000	2023 £000
Opening loss allowance at 1 January	10,608	127,829
Decrease in 12 month expected loss allowance recognised in income statement during the year	–	(5,504)
Decrease in lifetime expected credit loss allowance recognised in income statement during the year	(10,587)	(111,717)
Closing loss allowance at 31 December	21	10,608

Liquidity Risk

The Company manages liquidity risk by maintaining adequate banking and borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities and future capital and operating commitments.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	On demand £000	<1 year £000	1–2 years £000	2–3 years £000	>3 years £000	Total £000
At 31 December 2024						
Borrowings	–	(5,585)	(108)	(108)	(108)	(5,909)
Trade and other payables	–	(10)	–	–	–	(10)
Accruals and other creditors	–	(448)	–	–	–	(448)
Amount due to subsidiary undertakings	(1,887)	–	–	–	–	(1,887)
	(1,887)	(6,043)	(108)	(108)	(108)	(8,254)
At 31 December 2023						
Borrowings	–	(5,491)	–	–	–	(5,491)
Trade and other payables	–	(34)	–	–	–	(34)
Accruals and other creditors	–	(828)	–	–	–	(828)
	–	(6,353)	–	–	–	(6, 353)

Capital Management

The Company manages its capital to ensure that it remains sufficiently funded to support its business strategy and maximise shareholder value. The Company's funding requirements are met through a combination of debt and equity and adjustments are made in light of changes in economic conditions. The Company's strategy is to maintain ratios in line with covenants associated with its secured borrowing facilities (see note 7). The Company monitors capital using a gearing ratio, which is net debt divided by equity plus net debt. The Company includes within net debt, interest-bearing loans less cash and cash equivalents. Capital includes share capital, share premium, other reserves and accumulated profits/losses.

The Company signed a €25.0 million facility with Kommunalkredit Austria AG (Kommunalkredit), which was used to repay the outstanding balance on the previous RBL facility, in addition to providing funding for the geothermal development activities of certain of the Company's subsidiaries. Management remains focused on maintaining a strong balance sheet and funding to support our strategy.

10 Share Capital and Share Premium

On 3 April 2017, the shareholders approved the subdivision of each of the 303,305,534 ordinary shares of 10p each of the Company into one new ordinary share of 0.0001p each and one deferred share of 9.9999p each. At the Annual General Meeting of the Company on 14 June 2017, the shareholders approved a consolidation and subdivision of the Company's share capital in order to reduce the number of shares in issue to that more appropriate for the size of the Company. Following the consolidation, every 200 ordinary shares of 0.0001 pence each were consolidated into one new ordinary share of 0.02 pence each and immediately sub-divided into 10 ordinary shares of 0.002 pence. The consolidation and subdivision reduced the number of shares in issue from 2.4 billion to 121 million.

	Ordinary shares		Deferred shares*		Share capital	Share premium
	No.	Nominal value £000	No.	Nominal value £000	Nominal value £000	Value £000
Issued and fully paid						
At 1 January 2023	126,731,529	3	303,305,534	30,331	30,334	103,068
2023 SIP share issue – partnership	287,356	–	–	–	–	42
2023 SIP share issue – matching	551,316	–	–	–	–	79
Shares issued in respect of MRP exercises	594,154	–	–	–	–	–
Shares issued in respect of EDRP exercises	150,000	–	–	–	–	–
Shares issued in respect of EIP exercises	32,678	–	–	–	–	–
At 31 December 2023	128,347,033	3	303,305,534	30,331	30,334	103,189
2024 SIP share issue – partnership	**336,728**	**–**	**–**	**–**	**–**	**28**
2024 SIP share issue – matching	**379,956**	**–**	**–**	**–**	**–**	**31**
Shares issued in respect of MRP exercises	**1,067,833**	**–**	**–**	**–**	**–**	**–**
Shares issued in respect of EIP exercises	**65,258**	**–**	**–**	**–**	**–**	**–**
At 31 December 2024	**130,196,808**	**3**	**303,305,534**	**30,331**	**30,334**	**103,248**

* Deferred shares were created on capital restructuring which completed in April 2017.

Accordingly, the Company share capital account comprised:

	£000
Share capital account	
At 1 January 2023	30,334
Shares issued during the year	–[1]
At 31 December 2023	30,334
Shares issued during the year	**–[1]**
At 31 December 2024	**30,334**

1 Given the low par value, the financial impact of share issues in the year rounds to zero.

Share Premium

The share premium account arises from the Company issuing shares for consideration in excess of their nominal value less the cost of such issues. During the year, the Company issued 1,849,775 ordinary shares (2023: 1,615,504 ordinary shares), resulting in an increase in share premium of £0.1 million (2023: £0.1 million). No costs in relation to the share issues were incurred during the year (2023: £nil).

PARENT COMPANY FINANCIAL STATEMENTS – NOTES CONTINUED
for the year ended 31 December 2024

11 Other Reserves

Other reserves are as follows:	Share plan reserves £000	Treasury shares reserve £000	Capital contribution reserve £000	Merger reserve £000	Total £000
Balance at 1 January 2023	16,675	(1,327)	47	22,222	37,617
Share options issued under the employee share plan	738	–	–	–	738
Shares issued under the SIP	–	(31)	–	–	(31)
Balance at 31 December 2023	17,413	(1,358)	47	22,222	38,324
Share options issued under the employee share plan	**171**	**–**	**–**	**–**	**171**
Shares issued under the SIP	**–**	**17**	**–**	**–**	**17**
Balance at 31 December 2024	**17,584**	**(1,341)**	**47**	**22,222**	**38,512**

Employee share plans – Equity settled
Details of the share options under employee share plans outstanding are as follows:

	EIP Number of units	MRP Number of units	EDRP Number of units
Outstanding at 1 January 2023	8,156,358	2,313,762	1,400,000
Exercisable at 1 January 2023	221,889	657,961	150,000
Awarded during the year	925,000	413,776	–
Exercised during the year	(32,678)	(594,154)	(150,000)
Lapsed during the year	–	(121,065)	–
Forfeited during the year	(5,617,804)	–	(1,000,000)
Outstanding at 31 December 2023	3,430,876	2,012,319	250,000
Exercisable at 31 December 2023	189,211	1,664,637	250,000
Awarded during the year	**–**	**1,430,633**	**–**
Exercised during the year	**(65,258)**	**(1,067,833)**	**–**
Lapsed during the year	**–**	**(208,402)**	**–**
Forfeited during the year	**(3,249,285)**	**–**	**(250,000)**
Outstanding at 31 December 2024	**116,333**	**2,166,717**	**–**
Exercisable at 31 December 2024	**116,333**	**2,166,717**	**–**

Note – all options are nil cost and therefore the weighted average exercise price is nil. In addition to the share plans above, included in other reserves are also historic costs relating to the Long Term Incentive Plan 2011 (2011 LTIP) and Value Creation Plan (2014 VCP).

Detailed disclosure of each employee share plan scheme is in the Group consolidated financial statements note 25.

Executive Incentive Plan (EIP)
The total charge for the year was £0.01 million (2023: £0.02 million). Of this amount, £nil (2023: £nil) was capitalised or recharged to joint venture partners and £0.01 million (2023: £0.02 million) was charged to the income statement.

Management Retention Plan (MRP)
The total charge for the year was £0.05 million (2023: £0.02 million). Of this amount, £nil (2023: £nil) was capitalised or recharged to joint venture partners and £0.05 million (2023: £0.02 million) was charged to the income statement.

Executive Director Retention Plan (EDRP)
The total charge for the year was £nil (2023: £0.25 million). Of this amount, £nil (2023: £nil) was capitalised or recharged to joint venture partners and £nil (2023: £0.25 million) was charged to the income statement.

Other Share-based Payments
Detailed disclosure of other share-based payments is in note 25 in the Group consolidated financial statements.

Share Incentive Plan (SIP)
The total charge for the year was £nil (2023: £nil).

Merger Reserve
The merger reserve arose as a result of a reverse acquisition on 31 December 2007 whereby Island Gas Limited (IGL) became a wholly owned subsidiary of the Company but with IGL's shareholders acquiring 94% of the ordinary share capital of the Company. The reserve represents the difference in the fair value and the nominal value of the shares issued. The reserve is not distributable.

11 Other Reserves continued

Treasury Shares Reserve

The Treasury shares reserve consisted of shares issued to the IGas Energy Employee Benefit Trust (the "Trust"), of which the Company was the sponsoring entity. The value of such shares was recorded in the share capital and share premium accounts in the ordinary way and was also shown as a deduction from equity in this separate reserve account. There is therefore no net effect on shareholders' funds. During the year ended 31 December 2020, all remaining shares in the Trust were disposed of and the Trust was terminated on 15 January 2021. When shares are issued to the operators of the SIP, who initially hold shares on behalf of the benefitting employee, these are recorded in a manner consistent with shares previously issued to the Trust.

Capital Contribution

The capital contribution relates to cash received following the acquisition of IGas Exploration UK Limited.

12 Related Party Transactions

(a) With Group Companies

A summary of the transactions in the year is as follows:

	2024 £000	2023 £000
Amounts due from/(to) subsidiaries:		
At 1 January	**17,426**	(2,079)
Services performed for subsidiary entities	**1,300**	1,772
Net cash advances	**(4,906)**	(7,269)
Group loan interest	**–**	4,330
Reversal of previously written off balance	**–**	11,972
Impairment of loan to Group companies (note 2)	**–**	(108,150)
Allowance for credit loss reversed (note 9)	**10,587**	117,221
Revaluations	**–**	(371)
At 31 December	**24,407**	17,426

	31 December 2024 £000	31 December 2023 £000
Amounts due from subsidiary undertakings (note 3)*	**26,294**	17,426
Amounts due to subsidiary undertakings (note 5)	**(1,887)**	–
Total	**24,407**	17,426

* represents net amount due from subsidiary undertakings, after adjusting for the related expected credit loss allowance.

Payment terms for balances due to or from subsidiaries are as mutually agreed between the Group companies. The payment terms in respect of loans are detailed in note 2.

(b) With Directors

Key management as defined by IAS 24 – Related Party Disclosures are those persons having authority and responsibility for planning, controlling and directing the activities of the Company. In the opinion of the Board, the Company's key management are the Directors of the Company. Information regarding their compensation is given in note 26 of the Group financial statements.

OIL AND GAS RESERVES

as at 31 December 2024

The Group's estimate of proved plus probable reserves at 31 December 2024 is based on an independent evaluation of Star Energy's conventional oil and gas interests prepared by D&M, a leading international reserves and resources auditors. Proved reserves are estimated reserves that geological and engineering data demonstrate with reasonable certainty to be recoverable in future years under existing economic and operating conditions, while probable reserves are estimated reserves determined to be more likely than not to be recoverable in future years under existing economic and operating conditions.

All of the Group's oil and gas assets are located in the United Kingdom.

Group Proved Plus Probable Reserves

	Oil mmbbls	Gas Bcf	Total mmboe
At 1 January 2024	15.57	11.00	17.47
Additions during the year	–	–	–
Revision of previous estimates	**(1.22)**	**(1.58)**	**(1.49)**
Production*	**(0.65)**	**(0.11)**	**(0.67)**
Total change during the year	**(1.87)**	**(1.69)**	**(2.16)**
At 31 December 2024	**13.70**	**9.31**	**15.31**

* The production in the reserves movement table incorporates production at the following sites; Albury, Beckingham, Bletchingley, Bothamsall, Cold Hanworth, Corringham, East Glentworth, Egmanton, Glentworth, Goodworth, Horndean, Long Clawson, Palmers Wood, Scampton North, Singleton, Stockbridge, Welton.

GLOSSARY

£	The lawful currency of the United Kingdom
$	The lawful currency of the United States of America
€	The lawful currency of the European Union
1P	Low estimate of commercially recoverable reserves
2P	Best estimate of commercially recoverable reserves
3P	High estimate of commercially recoverable reserves
1C	Low estimate or low case of Contingent Recoverable Resource quantity
2C	Best estimate or mid case of Contingent Recoverable Resource quantity
3C	High estimate or high case of Contingent Recoverable Resource quantity
AIM	AIM market of the London Stock Exchange
Bcf	billions of standard cubic feet of gas
boepd	Barrels of oil equivalent per day
bopd	Barrels of oil per day
Contingent Recoverable Resource	Contingent Recoverable Resource estimates are prepared in accordance with the Petroleum Resources Management System (PRMS), an industry recognised standard. A Contingent Recoverable Resource is defined as discovered potentially recoverable quantities of hydrocarbons where there is no current certainty that it will be commercially viable to produce any portion of the contingent resources evaluated. Contingent Recoverable Resources are further divided into three status groups: marginal, sub-marginal, and undetermined. Star Energy's Contingent Recoverable Resources all fall into the undetermined group. Undetermined is the status group where it is considered premature to clearly define the ultimate chance of commerciality.
GIIP	Gas initially in place
m	Million
Mbbl	Thousands of barrels
MMboe	Millions of barrels of oil equivalent
MMscfd	Millions of standard cubic feet per day
NBP	National balancing point – a virtual trading location for the sale and purchase and exchange of UK natural gas
PEDL	United Kingdom petroleum exploration and development licence
PL	Production licence
Tcf	Trillions of standard cubic feet of gas
UK	United Kingdom

GENERAL INFORMATION

Directors
R Glover – Chief Executive Officer
F Ward – Chief Financial Officer
P Jackson – Non-executive Chairman
K Coppinger – Non-executive
A White – Non-executive
A Erdly – Non-executive

Company Secretary
Thamala Perera Schuetze

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